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## **Soviet Union**

***USA: ECONOMICS,  
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No 5, MAY 1987

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# SOVIET UNION

## USA: ECONOMICS, POLITICS, IDEOLOGY

No 5, May 1987

[Except where indicated otherwise in the table of contents the following is a complete translation of the Russian-language monthly journal SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA published in Moscow by the Institute of U.S. and Canadian Studies of the USSR Academy of Sciences.]

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#### DIVERGENT VIEWS WITHIN U.S.-NATO ALLIANCE

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[Article by Yu.P. Davydov: "United States-Western Europe: Burden of Partnership"]

[Text] The state of transatlantic relations usually depends on the interaction of at least three factors: the degree of agreement (or disagreement) between the interests of the allies; Washington's ability to impose its own line in international affairs on its partners; the ability of ruling circles in Western Europe to defend their own interests in world affairs. In spite of the obvious long-range tendency toward Western Europe's greater autonomy, the result of this interaction can differ at each specific stage depending on the relative strength of each factor.

In the 1970's, for example, Western Europe had a stronger voice in international affairs, especially in East-West relations. These years were marked by important independent actions by its leadership: France's continuation of de Gaulle's tradition of an independent foreign policy line; Bonn's "new eastern policy," which, in combination with the policy of the USSR and other socialist countries, provided the momentum for European and international detente; the EEC's attempts to define new principles of relations with the United States (the declaration of "Europe's independence" in 1973), and its attempts, which later became a line of behavior, to speak on behalf of all of its members in the international arena; the distinct position taken by the majority of West European governments on the Middle East problem, especially in 1973, which eventually gave rise to the so-called "Venetian initiative" of 1980, based on a more realistic assessment than the American one of the situation in the crisis zone; the generally active support of the ideas of the Conference on Security and Cooperation in Europe by West European leaders, leading to the signing of the Final Act in 1975 and the development of the all-European process; the tenfold increase in trade between Eastern and Western Europe in the 1970's, etc. Sometimes West European leaders tried to mediate USSR-U.S. relations in spite of Washington's objections.

These moves not only reflected the determination of ruling circles in the region to pursue a foreign policy in line with their own interests, but also helped to enhance Western Europe's international prestige, political strength,

and ability to influence world events and Washington's foreign policy. This tendency in West European foreign policy affairs in the 1970's did not become established without struggle, and the presence of contrary impulses was always apparent. The conservative parties, the cold war bureaucracy, and the political, economic, and ideological structures which took shape around NATO and the American presence in Europe advocated continued loyalty to Washington.

In the first half of the 1980's the general features of the relationship between the two centers of the capitalist world were somewhat different. This period was not marked by any important West European initiatives in world affairs or East-West relations. The political leaders of the countries in the region were increasingly likely to follow in the wake of Reagan Administration foreign policy. And this policy certainly cannot be called pro-European: Washington has displayed obvious contempt for its allies and their interests.

In an effort to strengthen the American "nuclear umbrella," the leaders of some West European states began deploying Pershing 2 and cruise missiles on their territory against the wishes of the public; in 1982 England, France, and Italy followed Washington's example and became involved in the Lebanese venture in the hope of reaping dividends; many states in the region took part in the economic sanctions against Poland and the Soviet Union against the interests of their own business communities and then were pressured by Washington to agree to the more stringent COCOM regulation of exports of modern technology and high technology products to the countries of the socialist community; the West European leaders helped Washington involve the last large country in the region, Spain, in NATO; they were usually willing to support the U.S. stance on Soviet measures and initiatives regarding nuclear and conventional arms. In general, the West European ruling elite took a passive stance on the Soviet moratorium on nuclear tests, and most of its members had an unconstructive reaction to the 15 January 1986 statement by General Secretary of the CPSU Central Committee M.S. Gorbachev; they tried to hush up the Warsaw Pact proposals on the substantial reduction of conventional arms in Europe; the agreements negotiated in Reykjavik frightened them, and they tried to find a common language with the far Right in the United States; England and France rejected the proposal of direct dialogue with the USSR on nuclear arms reductions in Europe; several countries in the region, including the largest of them, became involved to some extent in the SDI and began discussing a West European version of the program.

On the other hand, the West European governments firmly rejected the Reagan Administration's attempts to prevent the participation of some of their firms in the construction and operation of the gasline from Siberia to Western Europe; the occupation of Grenada and the mining of Nicaraguan ports frightened Washington's West European allies with their overt contempt for the standards of international law; the West European allies supported the American President's decision to go to Geneva in 1985; the April U.S. venture against Libya in 1986 was not supported by anyone but England on the continent and, what is more, was pointedly criticized here; the U.S. departure from the SALT II treaty at the end of November 1986 was criticized by the governments of England, France, Italy, Norway, Holland, and other countries; Washington's intention to break the 1972 ABM treaty has alarmed even its closest NATO partners.

It is therefore obvious that the interests of ruling circles in the United States and Western Europe converge and diverge in their approach to such issues as East-West relations, West-West relations, disarmament, regional conflicts, Europe's position in today's world, etc. The existence of the socialist world now serves as the point of departure for transatlantic solidarity in most cases and it sets specific limits on inter-imperialist conflicts by encouraging purposeful attempts to resolve them with a view to this factor. The equalization of the economic potential and, as a result of this, the political potential of the two centers of capitalism is the reason for their heightened rivalry and their diverging interests in international affairs. "Each ally of the United States has its own foreign policy interests which frequently do not coincide with American interests," stressed University of Maryland Professor M. Nacht.<sup>1</sup>

An overall assessment of the state of centripetal and centrifugal tendencies in the total group of interrelations between the two centers of the capitalist world indicates that both coexist in a complex dialectical relationship (the unity and struggle of opposites). Their contradictory coexistence, reflecting an objective reality of American-West European relations, will probably continue in the near future and will contribute to the instability and duality of these relations. At the same time, the situation in the world, in Europe, and in specific countries brings about changes in the balance of these two tendencies and in their relative strength by intensifying one or the other. It is true that some factors and circumstances of the 1980's brought about some convergence in the views of Atlantic allies on the problems (or threats) the West is facing in today's world, and in some cases the recognition of their common interests made the centripetal tendency stronger in transatlantic relations and diminished the desire of West European ruling circles to have their own say in world affairs.

What are these factors and circumstances? Are they temporary or permanent? Will they return us to the situation that existed in the system of Atlantic relations prior to the 1970's or will they create a new situation?

The basis of Western Europe's international influence and growth is its economic strength, which has been given a new dimension by the process of integration. But it was precisely here that the sore spots of the West European center became apparent in 1980 when the region's economic position was relatively weaker than the U.S. position. When the United States emerged from the severe crisis of 1980-82, it began increasing its production and accumulations more quickly than Western Europe. From 1980 to 1985 the American GDP increased at a rate of 1.9 percent a year on the average, whereas the indicator for the EEC was 1.1 percent (the respective average annual indicators of industrial growth during this period were 2 percent and 0.5 percent). As a result, the U.S. share of the total industrial product of the OECD countries increased from 31.8 percent in 1970 to 34.1 percent in 1985, while the share of the EEC (and Western Europe) decreased from 41.5 (49.8) to 36.1 percent (44.4).

Something else is also important. The United States is now ahead of Western Europe in terms of the depth of economic restructuring in the current phase of inter-imperialist competition.<sup>2</sup> The traditional sectors of industry are

relatively stronger here, but they are being subjected to considerable pressure by recently industrialized competitors--Taiwan, South Korea, and others. The deterioration of the economic situation in Western Europe was one of the causes of the loss of self-confidence by its ruling circles in relations with the outside world and their sense of vulnerability to the United States. Washington did everything within its power to fuel these feelings and to make use of real or invented advantages to expand its influence in Western Europe.

The ruling elite in Western Europe is particularly disturbed by the prospect of a technological lag behind the United States and Japan in the fields of microelectronics, data processing equipment, biotechnology, etc. "Europe is threatened by isolation from the latest U.S. technology," warned the West German economic weekly WIRTSCHAFTSWOCHE.<sup>3</sup> High technology industries account for 28 percent of the net industrial product in the United States, 27 percent in Japan, and 20 percent in the EEC.<sup>4</sup> The desire to be a part of the new U.S. technological breakthroughs is also promoting the convergence of these centers of the capitalist world. There is no question that Western Europe's fear of lagging behind the United States in R & D influenced the position of some of its governments on the SDI issue.

"Western Europe's political weight in the world will ultimately depend on its economic and technological strength," stressed prominent SPD official H. Ehmke.<sup>5</sup> Interruptions in the accumulation of this strength undermine the ability of West European ruling circles to defend their own interests in international affairs and their ability to resist Washington's pressure.

Difficulties in the determination of a common West European response to various foreign (American) actions affecting the interests of the countries in this region were compounded in the first half of the 1980's by the slow progress of West European integration and by internal disagreements in the EEC--over national contributions to the budget, agricultural policy, etc. Most of the West European governments had to spend some time solving their own urgent economic problems, and each was concerned primarily with saving itself, frequently at the expense of its partners in the integration process. This impeded the further development of integration in the community and naturally did not enhance its ability to voice unanimous views or even its own views in relations with the outside world. Washington took advantage of the conflicts between its allies to regain indisputable leadership in the Western world.

The deterioration of the economic situation heightened sociopolitical tension in some West European countries and led to the polarization of forces within them, jeopardizing the position of ruling classes. The powerful strike movement, especially in France and England, alarmed political leaders in Western Europe. Just as in the past, they tried to divert public attention from domestic and real problems to foreign and frequently invented problems. This is the reason for this elite's more frequent references to the myth of the "Soviet military threat" and the periodic outbursts of anti-Sovietism, spy-mania, or just primitive anticommunism, especially at turning-points (elections, the need to push an anti-union bill through parliament, etc.). Any measure of this kind to increase the anti-Soviet potential of the West



European establishment, however, not only complicates East-West relations, but also pushes this establishment into Washington's embraces, whether it wishes this or not, and weakens its position in West-West relations by complicating the pursuit of an independent foreign policy line in the future.

It is probably wrong, however, to say that the current tendency toward convergence with the United States is due only to economic problems and increased pressure from overseas. It is also a result of the objective international situation and of the preservation and even the expansion of the sphere of common interests of ruling circles on both sides of the Atlantic.

The increase in international tension heightens the polarization of the opposing politico-military alliances. After artificially creating the situation in which the West has a "common enemy," Washington has constantly urged its allies to define their position unequivocally: They must be with one side and against the other. There is the expectation that the atmosphere of brutal bipolar confrontation makes only one response possible: They must be with the United States (and willing to support it) and against the Soviet Union. Of course, many West European leaders do not view the situation in such simple black-and-white terms and would like to avoid losing influence in the West and the East, but the political atmosphere the Reagan Administration has created in the world limits their choice and leaves only the direction Washington prefers open to them.

To a considerable extent, the increase in international tension is also influencing the very nature of transatlantic relations. As a result of the development of these relations after World War II, the military sphere is Western Europe's "weakest point" because ruling circles in a number of countries in the region effectively allowed the United States to take complete control of it. The situation of heightened international tension gives Washington a chance to make the issue of security and the military factor the focus of relations between the two centers of the capitalist world and relegate all other aspects to the background. Under these conditions, the American allies objectively feel less independent and more dependent on their senior partner.

In its efforts to reinforce the foundations of Atlantic solidarity, Washington also relies on Western Europe's historical traditions. For centuries the foreign policy of its largest countries consisted in preventing the development of any force on the continent with perceptibly superior strength in relation to other states or coalitions. The traditional European balance of power policy was also supposed to prevent this kind of situation. Nevertheless, after World War II the Soviet Union became precisely this kind of power. The ruling elite in Western Europe had its own interpretation of strength (based on the realization of its own line of behavior in this kind of situation) and was noticeably disturbed by the emergence of this power, and this reaction was partly influenced by Washington. The immediate reaction of the frightened West European establishment, which was unable to find a non-traditional response to a new situation, was an appeal to the United States for help in counterpoising the new power in Europe. Washington took advantage of this without delay and began taking every opportunity to fuel the fear of the "Soviet threat."

As a result, the interpretation of West European security in the capitals of the NATO countries presupposes the American military presence on the continent and the United States' so-called "nuclear guarantees" to its allies as its most important component. In spite of the debates and doubts in Western Europe with regard to their reality and value, its political leadership is apparently not ready to accept any other security formula that would exclude reliance on U.S. military strength. "The security of Western Europe can only be guaranteed with the help of the United States," Chancellor H. Kohl of the FRG stated at a reception in Washington on 21 October 1986. Most of the members of West European ruling circles are afraid of facing the Soviet Union on their own. This fear, in addition to everything else, is now securing--and if there is no change in the current situation, will continue to secure--the strong attachment of the West European ruling elite to Washington and, in some cases, a community of interests in their approach to the Soviet Union.

The centripetal tendency in inter-Atlantic relations is also a result of other factors: the hope of economizing on military expenditures, although payment still has to be made--political payment, as it turns out; Western Europe's dependence on American technology (the ratio of military purchases and sales is 7:1 in the United States' favor); Western Europe's lack of its own military-strategic theories (most of what is known as West European military thinking has been borrowed from the Americans) and its own approach to the issues of European disarmament; the undiscerning use of information supplied by Washington on the balance of military power in Europe; finally, the issue of the balance of conventional arms in the region: Most West European politicians and experts believe (whether they are right or not is a different matter, but their policy is based on this belief) that the Warsaw Pact is superior to NATO in conventional armed forces and arms and that the potential of Warsaw Pact forces is primarily offensive. In the opinion of several Western analysts, only the nuclear strength of the United States (and, to some extent, of England and France) can compensate for this "imbalance."

The foreign policy of the Western countries, including their relations with one another, depends largely on the nature of the political forces in power. The conservative wave which engulfed the United States at the beginning of the 1980's has its counterparts in England, the FRG, France, the Netherlands, and Belgium. Both here and there it sprung primarily from internal sources, reflecting the known crisis in the policy of the state regulation of capitalism (the onset of the "deregulation" of private enterprise), caused by the liberal democrats in the United States and the social democrats in Western Europe. At the same time, the establishment of conservative governments, which are closer to Ronald Reagan than the liberals or social democrats in their ideology and their view of the outside world, especially East-West relations, is facilitating the convergence of the foreign policy lines of the Atlantic allies in several areas, although it does not guarantee it.

The ruling elite's rightward shift in the first half of the 1980's was accompanied by the emergence of conservative feelings in much of the public in Western Europe as well. For more than 40 years the countries of this region have been living in peace and relative prosperity. This has given rise to feelings of complacency and attempts to adhere to earlier principles of



foreign policy thinking, particularly in the sphere of security. In the opinion of the average Western European, extremes and radical solutions to international problems are undesirable in this kind of situation, because their consequences are difficult to predict. This is the reason for the perceptible shortage, especially among the elite, of new ideas of an international order in East-West, North-South, and West-West relations, on ways of curbing the arms race, and on the region's place in today's world.

The state of relations between the two centers of imperialist rivalry is also influenced by some domestic American factors. There has been a tendency, although it is still not quite distinct, toward stronger influence on the part of political groups from the states in the so-called "Sun Belt." These groups believe that the United States should concentrate more energy and resources in interaction with the Pacific region, in contrast to the establishment in the northeastern states, the traditional champion of the Atlantic ideology.

There have been some changes in U.S. foreign economic regional priorities, although the importance of these should not be overestimated. In 1982 American trade with the Pacific countries exceeded trade with Europe for the first time. In 1985 transatlantic trade amounted to 141 billion dollars while transpacific trade amounted to 187 billion. Around 40 percent of the new immigrants in the United States have come from Asia. The proportion accounted for by the population of the Sun Belt states (in the national population) doubled after World War II, and this means that there was an increase in the number of congressmen from these states and in the number of presidential electors (the states of New York and Pennsylvania alone lost 20 seats in the House of Representatives in recent years as a result of reapportionment). "The political and economic influence of the Pacific and other western states has grown considerably," stressed renowned attorney T. Sorensen, once one of President J. Kennedy's closest advisers.<sup>6</sup>

It is probable that this shift is still having a more psychological than political impact on American and West European leaders. The latter are afraid of a U.S. withdrawal from Western Europe and the reduction of U.S. military commitments to the allies (their anxiety is being fed by remarks by such individuals as H. Kissinger, Z. Brzezinski, and others). In some cases the West European leaders have tried to forestall this turn of events with a show of loyalty to their senior partner. Washington, however, has been more and more inclined to ignore its European allies, displaying less willingness to consider their wishes and demands and more unconcealed national egotism in relations with them. All of this is leaving its mark on American-West European relations.

The combination of circumstances described above weakened the influence of the West European ruling elite on the U.S. leadership and, conversely, strengthened Washington's influence on its allies; this would eventually diminish the importance of the West European factor in international affairs, especially in East-West relations. Political leaders in Western Europe are having more difficulty affecting the course of international events, and the less able they are to do this, the more frequently they have to agree with Washington's suggestions.

The conservatism of the West European ruling elite and its diminished ability to pursue its own line in international affairs and influence its senior partner were all reflected in concentrated form in its reactions to Reykjavik. First of all, the political leaders of some countries in the region who had tried to win the leader's favor with a show of loyalty were astounded by the ease with which Washington broke the promises it had given its allies just before the meeting, particularly the promise not to move too far too soon. In the second place, they were amazed by the speed with which the two powers were able to reach a convergence of views on key aspects of nuclear disarmament in the Icelandic capital.

For three decades NATO military strategy had been based on the idea that there was no alternative to "nuclear deterrence." The bloc infrastructure, the doctrine of nuclear first use, and the U.S. "nuclear guarantees" were all planned in such a way that the American strategic arsenal could be committed to action in the event of a military conflict on the European continent. In the opinion of West European leaders, the agreement reached in Reykjavik on the elimination of offensive strategic arms and intermediate-range nuclear weapons (viewed by West European strategists as the connecting link between the battlefield weapons in Europe and the U.S. strategic arsenal) within the next 10 years could undermine the foundation of NATO and the relations of NATO allies. The unavoidable closing of the "nuclear umbrella" under these circumstances would signify that the security of Western Europe would henceforth be separate from the security of the United States. It is true that various American tactical nuclear weapons systems would remain in the European theater, but the agenda suddenly included the cardinal revision of NATO military doctrines and a transition from "deterrence" to reliance on conventional arms. Furthermore, Western Europe would have to pay for this costly reorganization itself.

Ruling circles in France and England, associating the political ambitions and status of their countries in Europe and the world with the development of nuclear weapons, had the most acute and negative reaction to the prospect of the complete elimination of strategic offensive arms. In 1982 Great Britain signed an agreement with the United States on the modernization of its nuclear submarine fleet. It envisaged the purchase of four Trident 2 submarine systems of tremendous power, which, in the opinion of the critics of this plan, considerably exceeds England's own needs: 64 launchers on the four submarines could carry 640 warheads, and the missiles would cover all the territory of Eurasia. This would cost the British taxpayers 11 billion pounds sterling (around 15 billion dollars). This dangerous power and the unreasonable expenditure have disturbed the English public and have been pointedly criticized by the opposition.

The French Government is in a similar situation with its plans to spend around 50 billion dollars on the modernization of its armed forces in the next 5 years. Furthermore, by 1993 the M-20 missiles with one nuclear warhead are to be replaced on five submarines with M-4 missiles, carrying six nuclear projectiles with a range of 4,000 kilometers, increasing the total number from 80 to 496 (plans for the more distant future envisage replacement with M-5 missiles with 12 warheads and a longer range). The 18 strategic

missiles on Plateau Albion are to be replaced with mobile S-4 missiles with a range of 3,500 kilometers. France also plans to build a new nuclear aircraft carrier, the "Richelieu," and to equip the carrier-borne aircraft with nuclear weapons and replace the tactical Pluton nuclear missiles (with a range of 120 km) with the improved Gades missiles (a range of 350 km), capable of carrying nuclear and neutron warheads.

In view of the agreements discussed in Reykjavik, the English and French plans for the modernization of their nuclear arsenals seem to be nothing more than an absolutely senseless and unjustifiable waste of national wealth. Furthermore, it is becoming increasingly obvious that these two governments did not assess the future strategic situation accurately.

Some West European governments were also put in an uncomfortable position by M.S. Gorbachev's statement of 28 February 1987, in which he proposed that the issue of intermediate-range missiles be removed from the "Reykjavik package" and that a separate agreement be concluded on the elimination of these missiles in Europe.

For the last 5 or 6 years the political leaders of the FRG, Great Britain, Italy, Belgium, and Holland have made a tremendous effort to convince the public of the vital need for the deployment of American Pershing 2 and cruise missiles on their territory. Now it turns out that they did not have to do any of this, that it would be much wiser to rid Europe of these weapons, and that the Soviet Union and the United States have almost agreed on this. "One leader after another had problems securing political support for the deployment of the American missiles. Now some of them realize that they are in the ridiculous position of having to prove the opposite and to prepare for the withdrawal of these missiles from their countries," wrote R. Hunter, director of European studies in the Georgetown University Center for Strategic and International Studies.<sup>7</sup>

The Soviet-American meeting in Reykjavik objectively strengthened the position of the states, political parties, and peace movements in Western Europe which had advocated the complete elimination of nuclear weapons, the renunciation of the doctrines of "nuclear deterrence" and nuclear first use by the NATO countries, and a transition to the doctrines of the "non-nuclear defense of Europe." The meeting in Reykjavik dealt a crushing blow to the main thesis of all NATO propaganda, the implication that U.S. nuclear weapons are "a guarantee of the peace and security of Western Europe." The willingness with which R. Reagan agreed to the elimination of offensive strategic arms (in spite of all of his subsequent deviations from this line) and intermediate-range missiles in Europe reveals, in the first place, that Washington does not believe this and, in the second place, that a nuclear-free Europe (and a Europe free of "nuclear umbrellas") is a realistic prospect. Today many of the West European leaders who countered antinuclear statements with true and false statements of their own would have difficulty proving the validity of their slogans and arguments.

The SDI and the later U.S. position in Reykjavik did much to destroy the consensus in ruling circles in Western Europe on security issues by attacking

it from different sides. Opposition now exists at several levels: between neutral (or nonaligned) states and NATO countries, large and small states, nuclear and non-nuclear powers, social democrats (usually, although not always, in the opposition) and conservatives, etc.

All of Washington's behavior proves that no amount of loyalty to the American partner will guarantee its willingness to give the interests of its conservative friends in Western Europe the proper consideration. Furthermore, the events connected with "Irangate," which led to the abrupt decline of the current administration's prestige in the United States and abroad, proved to many West European politicians that the hopes connected with the expectation of strong American leadership were dangerous as well as illusory. All of this not only gave rise to a new wave of discussions of the state and nature of relations with the United States but also strengthened feelings in favor of a more independent line in international affairs. "The [West] Europeans can no longer hide behind America's back, especially the America of today," wrote respected West German foreign policy expert K. Bertram. "Now our continent has only one choice: It must make up for the deficit in American foreign policy as much as possible with its own constructive initiatives.... The crisis of the Reagan Administration is not only a challenge, but also a chance for the West Europeans. The time has come for the leaders of the countries of Western Europe to undertake what they did not dare before--collective action."<sup>8</sup> The fact that this shift took place at the level of the ruling elite is attested to by the intensification of contacts between West European leaders in spring 1987 (Thatcher-Mitterand, Thatcher-Kohl, Mitterand-Kohl, etc.).

To what degree can these mounting feelings change the balance of centripetal and centrifugal tendencies in American-West European relations? Several recent developments have made this kind of change possible.

Above all, Western Europe's success in surmounting the effects of the economic crisis cannot be ignored. By 1985 the growth rate of the industrial product in the EEC was higher than the American rate (3.5 percent and 2.2 percent). Although the flow of capital from Western Europe to the United States has continued, a reciprocal flow of interest on previously invested capital is compensating for it to a considerable extent. The exports of the countries in this region were 3.5 times as great as U.S. exports, and they increased by another 5.5 percent just in 1985; the FRG became the world leader in foreign trade in 1986; there was a deficit of 23 billion dollars in U.S. trade with the EEC that same year. At least two important consequences of this change can be assumed. First of all, the West European ruling class will regain confidence in its potential in the international marketplace, including its potential in relation to the United States, and in its ability to defend its own interests in competition with the United States. In the second place, more intense struggle between these two centers of the capitalist world in their economic relations could be (and already is) a result of this shift.

The revived self-confidence of the West European establishment suggests that it might be less willing than before to make unilateral concessions in international trade. At the end of 1986 the U.S. Government decided to limit imports of machine tools from the FRG and Switzerland. The West German Government announced that it would limit imports of computers from the United

States. The decision Washington announced on 31 December 1986 to impose a 200-percent duty on several EEC agricultural imports aroused the anger of community members. The reciprocal threats ended with a temporary compromise, but the problem still exists. To surmount its huge trade deficit (173 billion dollars in 1986), Washington lowered the exchange rate of the dollar, and this is hurting its allies.

Considerable effort is being made to keep the region from lagging behind the United States in technology. The fourth intergovernmental meeting on the Eureka program was held in Stockholm on 16 and 17 December 1986 and was attended by ministers from 19 countries and the Commission of the European Communities. They approved 109 projects with a total cost of 4 billion dollars. The idea of creating a European Technological Community was brought up during the discussion. All of the West European countries combined now spend the same amount on R & D as the United States. They have several advantages in this field, including advantages in the most promising industries (the FRG's flexible production systems are better than Japan's, Sweden has made considerable advances in robot engineering, etc.). The effectiveness of R & D expenditures, however, is being restricted by the national egotism of ruling circles in the region. The participation of some countries in the American SDI program creates the danger of the diversion of substantial intellectual resources from Western Europe's own projects, and even the danger of a future "brain drain" to the United States.

Integration processes in Western Europe have been resumed after a long period of stagnation. On 1 January 1986 the EEC acquired two new members, Spain and Portugal, and this increased the size of its internal market. At the beginning of December 1985 the EEC countries approved a decision on the partial revision of the Treaty of Rome. On 17 February 1986 the so-called United Europe Act was signed. After it has been ratified by national parliaments it will expand the powers of community organs. Decisions on several important matters will now be made by the majority and will not require the earlier consensus. A European political system will be created for the coordination of the foreign policies of community members. At a session of the EEC Council of Ministers on 18 June 1986, a decision was made to establish a secretariat in Brussels to take charge of political cooperation. It will be accountable to the community chairman. West European ruling circles regard this move as a more effective way of securing the international interests of the EEC and of making and conducting a common foreign policy.

After many years of stagnation caused by Washington's confrontational policy, the all-European process has recently been revealing (even to many West European leaders) its value and significance by creating a framework for the materialization of the interdependence of states with different social systems. The successful conclusion of the first stage of the Stockholm conference on confidence-building measures and on security and disarmament in Europe on 19 September 1986 was an important milestone in the development of the all-European process. The final document of the forum will lay the foundation for a structure of trust between Eastern and Western Europe in the politico-military sphere. In view of the fact that these confidence-building measures encompass only Europe and not the territory of the United States,



their proper implementation could promote the affirmation of a general European consciousness and the erosion of the bloc mentality.

We can expect military preparations to be the cause of the most acute conflicts between the two centers of the capitalist world in the near future. It is true that Western Europe's more independent status is developing on a military basis, secured by external forces. This basis is controlled by Washington, and not by the West Europeans. They are aware of this, and this gives them a strong sense of the abnormality of this situation. The American President "holds their life in his hands, but they are not the ones who elect him and they have no real influence on him. They have to trust him completely, whether he deserves this trust or not," admitted the American magazine U.S. NEWS AND WORLD REPORT.<sup>9</sup> At the same time, military commitments to Western Europe are costing the United States more and more. "In the next 10 years," Georgetown University Professor E. Ravenal remarked, "Europe will cost the United States 2.2 trillion dollars."<sup>10</sup> This is three times as much as the United States plans to spend on the SDI. In the final analysis, neither side is happy with this situation, but the structure of their relations does not promise easy solutions. This means that the latent friction between them will continue to accumulate.

The Soviet program for the gradual construction of a nuclear-free and non-violent world, the "need to humanize international relations," which was announced by M.S. Gorbachev at the Moscow forum on 16 February 1987, and the tremendous changes that are taking place in our country are creating a new image of the Soviet Union in the Western mind. This image is far removed from the notorious "Soviet threat," with which Washington frightened the West European elite for decades to win its allegiance. These changes are especially apparent in the positions of the West European neutral and non-aligned states, even some NATO countries (Greece, Denmark, and Norway). And this is not all. Several of the largest opposition parties (the English Labour Party, the SPD, and others) are making a nuclear-free and cooperative Europe the cornerstone of their platforms. The issue of East-West relations is not only a constant topic in consultations between American and West European leaders but also a source of misunderstandings and disagreements.

The U.S. ruling elite is beginning to realize that it was too quick to write Western Europe off as one of its secondary partners--especially in terms of economic, scientific, and technical parameters--always obliging and always loyal. Besides all of this, people in Washington are afraid that the tough U.S. line in relations with allies could motivate them to form closer relationships with their Eastern neighbors. The American elite does not want its partners to have a direct line to the Soviet Union, and each time this happens it brings back memories of the Treaty of Rapallo. The beginning of this shift toward Western Europe at the level of the U.S. political leadership, with its acute need for outside support, is giving its leaders a chance to influence their senior partner. This could be deterred, however, by the continued influence of several factors which led to the convergence of ruling circles in the two centers of the capitalist world in the first half of the 1980's (conservative attitudes, international tension, military links, etc.).



The present situation in American-West European relations is one in which the two sides are increasingly dissatisfied with one another and with their partnership and are growing tired of the political, economic, military, and moral burden it represents. There is more frequent anger on both sides of the Atlantic about one partner's attempts to use the other to solve its own problems. The sphere of mutual understanding is contracted by each excess. This is the reason for the mutual, sometimes uncontrolled anger. When R. Burt became the American ambassador to the FRG, he was extremely discouraged by the mutual hostility of the allies, which grew more and more overt. "The Europeans," he wrote in 1986, "frequently accuse the United States of 'Rambomania,' and the Americans call their friends here 'Euroweaklings.'"11 This is the reason for the periodic outbursts of indignation in American-West European relations. Paradoxically, the heavier the burden of partnership becomes for both sides, the more difficult it is to set down (it has created a self-perpetuating structure).

The complicated interaction (or coexistence) of essentially opposite tendencies is the reason for the unpredictable patterns of American-West European relations, in which the factor of uncertainty is growing stronger and the possibility of development in different directions is an objective reality. This extraordinary situation can only be surmounted by non-traditional means. Neither side seems morally or financially prepared to do this, however. Under these conditions, the choice they will ultimately have to make will be influenced more than ever before by the state of international affairs in addition to internal driving forces.

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## CURRENT EVOLUTION OF CAPITALIST MONOPOLIES ANALYZED

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[Article by I.I. Razumnova: "The Contradictions of the Process of Monopolization"]

[Text] The study of new developments in the economy of the leading imperialist states, especially the distinctive features of the present evolution of capitalist monopolies, would be impossible without the aid of Lenin's theory of imperialism. V.I. Lenin's work, "Imperialism as the Highest Stage of Capitalism," the 70th anniversary of the publication of which was commemorated in 1987, is of great theoretical importance to us. The tremendous methodological potential of this brilliant work gives us a dialectical approach to the study of present-day capitalism and to the analysis of its tendencies and internal contradictions. One of Lenin's statements seems particularly relevant: "Capitalism in its imperialist stage leads to the most thorough collectivization of production, dragging, so to speak, the capitalists, against their will and consciousness, into a new social order marking a transition from completely free competition to complete collectivization."<sup>1</sup>

This article will be a study of today's patterns and forms of monopolization and a critical analysis of the quantitative and qualitative changes in the collectivization of production. The assessment of the distinctive features and results of these processes seems important for an understanding of the future development of state-monopolist capitalism and of the objective conditions of the functioning of modern large-scale production and the disclosure of its potential and prospects.

### New Developments in the Centralization of Capital

The second half of the 1970's and the first half of the 1980's were distinguished by the increasing monopolization of production in several American industries and the reinforcement of the economic and political dominance of the monopolist bourgeoisie. The 200 leading corporations accounted for 60.8 percent of all the combined assets of U.S. industrial firms in 1983, and the 100 largest accounted for 48.3 percent. In the processing industry 200 firms accounted for around half of the production volume, and 50 giant monopolies accounted for approximately one-fourth (there are 356,000

corporations in all. In 1985 the top 10 corporations accounted for 28.6 percent of the sales volume of the 500 largest industrial companies, 28.1 percent of their assets, 38.5 percent of their profits, and 20 percent of their total employees.<sup>2</sup>

Mergers and takeovers have always been the quickest way of enlarging firms, they played an important role in the creation and subsequent reinforcement of monopolies, and they became an important method of accelerating the accumulation of capital by monopolist concerns. The process of the centralization of capital has undergone several stages in its development and has now reached its highest level. Furthermore, whereas more than 50 percent of all acquisitions in the first half of the 1970's were not companies, but their subdivisions, by the middle of the decade there was a wave of takeovers of entire corporations, including large ones. This happened to 14 large companies in 1975, 80 in 1978, 94 in 1980, 200 in 1984, and in 1985 the figure was already 400.<sup>3</sup>

The mergers of the early 1980's were distinguished by an increase in total transactions (see table). In 1981 the 50 largest deals involving the acquisition of companies amounted to 49.9 billion dollars, in 1982 the figure was 48.2 billion, in 1983 it was 38.4 billion, in 1984 it was 78.5 billion, and in 1985 it was 94.6 billion dollars.<sup>4</sup>

#### Mergers and Takeovers in U.S. Economy

<u>Indicators</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Number of operations	1889	2395	2346	2533	2532	3001
Total volume, billions of dollars	44.3	82.6	53.8	73.1	137.6	179.6

Source: "Economic Report of the President 1985," p 193; FORTUNE, 28 April 1986, p 28.

One of the first large operations of this kind in American industry was the acquisition of the Conoco oil and coal mining corporation by the Du Pont chemical concern in 1981 for 7.5 billion dollars. It was followed by other deals by giant firms. Here are just a few examples. At the beginning of 1984 Standard Oil of California (SOCAL) bought the Gulf Oil company for the record sum of 13.2 billion dollars, and this resulted in the birth of a new corporation, Chevron. Another large oil concern, Texaco, acquired Getty Oil for 10.1 billion dollars (the second largest transaction in the American economy). The largest operation outside the oil business was General Electric's acquisition of the controlling stock in RCA, the well-known radio engineering company with numerous enterprises producing electronic equipment and an extensive network of television and radio stations, including the NBC corporation, for 6.3 billion dollars in 1986. The total capital involved in the mergers of such leading food corporations as Philip Morris and General Foods and Reynolds and Nabisco amounted to 5.7 billion dollars and 4.9 billion dollars respectively.<sup>5</sup>

Transactions involving amounts in excess of a billion dollars were relatively rare in the recent past: There were only 12 such deals between 1969 and 1980, and 45 between 1981 and 1984. Thirty such mergers took place just in 1985.<sup>6</sup> We could say that billion-dollar deals are becoming commonplace in the United States.

What is the reason for the tremendous number and variety of mergers and takeovers and for the mass desire for amalgamation? What are the implications of this process?

The 3 crisis years (1980-82) and the subsequent period of economic prosperity represented a noticeable watershed in American industry between "losing" and "winning" companies. Several firms had a chance to increase their capital considerably by acquiring the assets of companies whose stock had fallen.

For many companies with substantial liquid capital, accumulated, in particular, as a result of the tax and amortization privileges extended by the Reagan Administration, takeovers seemed to be the most convenient way of expanding the sphere of capital investment, because they were wary of investing in new construction or the modernization of production at a time of economic crisis. As the FINANCIAL TIMES remarked, for example, "As long as it is cheaper to buy oil reserves on Wall Street than to find them in remote corners of the world, which involves greater risk, the oil corporations will have a strong incentive to absorb one another."<sup>7</sup> This was confirmed by the strategy of the SOCAL concern, which acquired oil at 4-6 dollars a barrel after taking over Gulf's known reserves, at a time when exploratory and drilling operations brought the price of oil up to 12 dollars a barrel.<sup>8</sup> In all, the largest oil companies spent twice as much on the acquisition of the stock of their competitors than on exploratory drilling in the 1980's.

In the first half of the 1980's there was a stronger tendency toward intersectorial (or diversified) mergers and takeovers. Even when corporate executives acquired firms far removed from their own area of production, they expected the new company to be kept afloat by the more profitable subdivisions in the event of financial difficulties.

One of these operations was the agreement concluded in 1982 by U.S. Steel, the largest steel concern, and Marathon Oil. The acquisition of the latter was accomplished in accordance with a long-range program of diversification drawn up by U.S. Steel executives and cost 6.2 billion dollars.

During the first years of the consolidated corporation's activity, it became obvious that its executives had neither the experience nor the scientific and technical potential to manage the oil business effectively and hoped to cover the losses of enterprises in one branch with the profits of the other. Nevertheless, in spite of its increasing indebtedness, U.S. Steel continued to acquire other firms to the detriment of its steel production. In 1985 the concern acquired the Texas Oil and Gas company for 3.6 billion dollars. According to a statement by Chairman of the Board D. Roderick, the concern's sales in 1986 were expected to amount to 21 billion dollars, with steel accounting for only 6.6 billion, and oil and gas accounting for 12.2 billion.<sup>9</sup>

One of the reasons for the unabated interest in mergers is the relative ease with which capital can now be acquired for the acquisition of companies. In the beginning of the 1970's bankers were still inclined to refuse to finance takeovers. Now they are energetically seeking new ways of multiplying their capital and eagerly extending their surplus capital for the purchase of controlling stock. In 1982 and 1983 alone, banks extended 210 billion dollars in loans for operations of this kind.<sup>10</sup> To a considerable extent this was connected with the abrupt decrease in foreign loans, especially to the developing countries. The cancellation of a number of banking restrictions also offered new opportunities for previously prohibited operations. In addition to large corporations, insurance and investment companies and mutual savings banks respond eagerly to acquisition proposals promising a quick profit. Even government pension funds have begun buying stock in industrial companies.

A new development in the sphere of mergers in the 1980's has been the increase in the number of leveraged buyouts.<sup>11</sup> In these operations a firm (or one of its subdivisions) is acquired by a group of professional administrators and foreign investors with the aid of credit secured by the property of the company to be acquired. The loan is repaid with the capital of the company acquired. The investors derive profits from the activities of the firm without investing their own capital in the development of production.<sup>12</sup>

One of the main reasons for the increasing frequency of these transactions is the opportunity the lower market cost of stocks gives investors with managerial experience to acquire companies at a price far below their real value. In many cases the subdivisions of large companies which are put up for sale are taken over by enterprising executives who are part of the corporate administration and who have access to confidential information, particularly information about the possible future development of production and the upcoming merger.

The more active acquisition of companies in these ways is allowing individual "players" to accumulate huge amounts of social capital. V.I. Lenin's assessment of the parasitical tendencies bred by imperialism is more relevant today than ever before: "The development of capitalism has reached the point at which commodity production might still 'reign' and be regarded as the basis of the entire economy, but has already been undermined, and most of the profits go to the 'geniuses' of financial deals. The collectivization of production lies at the basis of all of these deals and swindles, but the colossal progress of humanity, leading to this collectivization, benefits...the speculators."<sup>13</sup>

There is no question that the pro-monopolist policy line of the Republican administration fanned the flames of the mergers and takeovers. Whereas the Democrats' antitrust policy was supposed to protect small business and prevent large mergers to some extent, the Reagan Administration made a perceptible reversal in this area. It was precisely in the 1980's that the distinct liberalization of the rules of mergers and takeovers took place. Neither the Antitrust Division of the Department of Justice nor the Federal Trade Commission (the agencies responsible for the enforcement of antitrust laws) did anything to prevent the further monopolization of the market by the largest corporations.<sup>14</sup>



The principles of the enforcement of antitrust laws are worded in such general terms that virtually any kind of merger is possible. It is easy for the merging firms to "prove" to the executive branch or the judiciary that they are allegedly striving not for a stronger monopoly position, but for heightened economic efficiency, better management, etc. The man Reagan appointed to head the Justice Department Antitrust Division, W. Baxter, frankly said that his agency would not prevent "valid" mergers and openly advocated reduced government regulation of the affairs of firms, as it "seriously inhibits the normal development of market relations." The man who succeeded him in December 1983, P. McGrath, agreed that "the size of the company is no longer enough to prevent a merger."<sup>15</sup> This is the only possible explanation for the lack of problems with antitrust legislation when, for instance, RCA was taken over by the General Electric concern--a deal which was extremely disturbing to businessmen in electronics.<sup>16</sup> The investigation of the monopolization of the market by the IBM concern was also abandoned for lack of grounds, although the firm controlled almost three-fourths of all computer production and sales. There are many such cases in which antitrust investigations have been dropped or have gone on for years.

The current administration is not even considering any changes in antitrust legislation in connection with the widespread transactions involving the sale of large firms. When Congress tried to impose a 6-month moratorium on oil company mergers, Reagan warned the legislators that he would block the passage of any laws of this kind. At the beginning of 1986 Reagan proposed the further liberalization of antitrust laws.<sup>17</sup>

The effects of the more pronounced monopolization processes can be quite diverse. Above all, mergers take substantial amounts of capital out of the sphere of productive accumulation. Even representatives of big business admit that "takeovers do not create any new material value, but simply change the structure of ownership, weaken competitive potential, and lead to the accumulation of huge debts."<sup>18</sup>

The adverse effects of indiscriminate mergers are graphically illustrated by the experiences of the abovementioned U.S. Steel concern, which changed its name to USX in 1986. The future of the company does not look promising. Falling oil prices had a severe negative effect on the oil production units that were acquired in the expectation of huge profits. The corporate executives do not know what to do with the oil business or how to manage it, especially now that continued stagnation in this field has been predicted. As a result, USX itself faces the threat of takeover.

The indebtedness of American companies had reached 1.4 trillion dollars by the end of 1985, largely as a result of the increased demand for the billion-dollar loans needed for mergers and takeovers. The proportion accounted for by the 500 largest corporations in the total debts of non-financial companies rose from 35 percent in 1960 to 55 percent in 1984.<sup>19</sup>

Society pays a high price for the process of mergers and takeovers in connection with the diversion of huge amounts of capital from the production sphere: In 6 years (1980-85), companies spent 571 billion dollars on these

acquisitions! There are also high costs in connection with the competition in the securities market, where the corporations make their deals and enlist the services of brokerage firms to execute the actual merger process. The average fee charged by a middleman in these operations is 1.5 percent of the total transaction amount. The fees paid to credit and financial institutions serving as the middlemen in only the 50 largest deals in a 5-year period (1981-85) totaled 1.58 billion dollars. In 1985 the First Boston investment bank alone earned 200 million dollars for these services.<sup>20</sup>

Mergers and takeovers affect thousands of companies and millions of employees and have a negative effect on the lives of individuals, families, and whole communities.<sup>21</sup> Above all, they lead to mass layoffs. As a result of just two large deals (SOCAL-Gulf and Texaco-Getty Oil), 32,000 people lost their jobs. What is more, these acquisitions pose a threat not only to employment, but also to future pension security. The layoffs affect workers and administrators, especially the personnel of headquarters. In 1984 alone, 20,000 middle- and top-level managers, including corporate vice presidents, lost their jobs as a result of mergers and takeovers.<sup>22</sup>

#### Changes in the Economic Strategy of Large Corporations

In the middle of the 1980's many firms were still resorting to diversification, which continued to perform its main function by serving as an instrument of capital transfer. During that same period, however, all of the shortcomings of this strategy were clearly revealed. The book "In Search of Excellence," which became a national best-seller in the 1980's, showed that many intersectorial takeovers had been unsuccessful and short-lived and that the possibility of mutual reinforcement "is not only rare, but, in fact, the result is more often disastrous." The authors state that a certain degree of diversification does contribute to the stability of the firm, but if it is indiscriminate, it proves to be unwarranted and frequently becomes unprofitable.<sup>23</sup>

The data of many studies indicate that many of the firms which expanded their field of operations in this way were unable to heighten income stability and production efficiency; 40 percent of all the takeovers in the last decade were short-lived, and around a third were ineffective or even unprofitable from the standpoint of macroeconomic results.<sup>24</sup> This has only created a favorable atmosphere for the rise of monopoly prices and has strengthened the monopoly position of companies in the marketplace.

The ineffectiveness of widely diversified companies is largely a result of their nature. The gigantic dimensions and variety of spheres of operation isolate top-level corporate executives from real economic problems, make the efficient management of a huge number of diverse enterprises impossible, and contribute to major miscalculations. Hasty decisions to acquire production units in the assumption that the augmentation of merchandising volume should produce high profits usually lead to failure. The management of huge and complex organizations requires considerable administrative skill, knowledge, and the careful planning of intraorganizational strategy. The managers of most companies, however, try to manage newly acquired firms and the entire

concern as a whole with only their own limited experience as a guide. As a result, diversification heightens the anarchy of capitalist production stemming from the inefficient production structures of monopolies uniting technologically diverse fields of operation.

Many companies have been reorganizing and selling the subdivisions which they once took over but now regard as "undesirable" on a much broader scale in recent years than ever before. According to FORTUNE magazine, "conglomerates are going out of style on Wall Street today."<sup>25</sup>

Today it is already apparent that American industrial corporations have a new economic strategy, based on an emphasis on production specialization with the aid of the sale of part of their assets (or divestment).<sup>26</sup> Here are just a few examples from recent years.

In 1985 the City Investing company sold two insurance companies for 130 million dollars and the Motel 6 firm for 565 million; the Armco concern sold its branches for a total of 417 million dollars; the Fluor corporation sold oil and gas production units of its subsidiary Houston Industries for 190 million dollars. Westinghouse Electric was negotiating the sale of its cable production units to the AT&T concern for 2.1 billion dollars. Gulf and Western, one of the largest conglomerates in the recent past, provided an indicative example of this strategy when it sold a variety of assets it had acquired in the 1960's and 1970's for 3.5 billion dollars.<sup>27</sup>

Today the stronger specialization in the basic field of production is regarded as an effective way of adapting to an unstable market and rapid technical changes. Under these conditions, company executives try to concentrate on the field of activity where further growth is possible. For example, one of the largest conglomerates, ITT, used the income from the sale of its 60 subsidiaries and branches in the 1980's to repay a huge debt and to invest in its main area of production in the communications sphere and in insurance. Union Carbide, the giant of the chemical industry, sold some of its non-specialized enterprises and expanded the production of natural gas and storage batteries.

For many corporations, however, sales are the only way out of their extremely difficult position, and not the result of a carefully planned strategy. Chrysler and International Harvester, for example, sold large subsidiaries to avoid bankruptcy. Far from all of the firms hoping to sell their subsidiaries for one reason or another are able to do this.

It would be wrong, however, to view the sale of assets by some corporations as the deconcentration of capitalist production, as many American economists do. The current process of the restructuring of industrial corporations is more likely a result of the heightened concentration of resources in the main fields of production with the aim of the reinforcement of corporate positions under the conditions of fierce competition and the mobilization of reserves for the accumulation of capital. Diversification and the further specialization of companies in basic production coexist and represent different sides of the continuous collectivization of production. And there is no question that the revision of these strategies and of production and merchandising

operations and the desire to find their optimal combinations reflect the attempts of present-day capitalism to adapt to the new conditions of the technological revolution.

### Small-Scale Production

One of the important new trends in the development of organizational forms of production concentration is the departure from gigantomania--the prevailing strategy since the beginning of the 20th century. Large industrial concerns with billion-dollar turnovers are still playing the deciding role in the economy, but the overconcentration of production has reached the limits of economic expediency in many cases, and the road they have taken for many decades--the creation of their own large enterprises and the absorption of companies in the same industry or others--is no longer effective.

The experience of recent years has refuted many popular American beliefs about efficient principles and methods of heightening production efficiency, R & D, and management with a view to the benefits of large-scale production--that is, the augmentation of enterprise size. In several cases this has had the opposite effect, creating unmanageable, unchanging, and bureaucratized organizations, has created difficulties in keeping up with the requirements of the market and of scientific and technical progress, and has led to the sharp decline of labor productivity growth rates and to other economic losses.

Rapid technological changes have shortened the life cycle of products, making many plants obsolete before their time. Large enterprises in traditional industries, such as ferrous metallurgy, have been in a particularly difficult position. This process has also affected some modern fields of production, however, such as household electronics. Vice President D. Segal of AT&T said in this connection that the company would not be building any large plants in the future because present conditions could lead to their premature obsolescence.<sup>28</sup>

The executives of the largest corporations, including AT&T, General Electric, and the Ford Motor Company, decided to replace huge industrial complexes with small new firms and began automating existing enterprises and reorganizing them for a smaller number of workers. For example, the General Electric division producing airplane engines recently divided two gigantic enterprises into eight smaller plants. Johnson & Johnson was able to enhance its production efficiency considerably by restructuring a plant with 1,200 employees into four small enterprises. At the beginning of the 1980's AT&T shut down its large assembly lines in favor of small automated and more manageable production facilities.

The experience of the steel industry is indicative: Mini-plants here (small, technically advanced, and highly specialized enterprises, with under 100 employees in most cases) were able to compete successfully with large steel combines from the price standpoint within a short time. The development of the mini-plants was one of the ways American metallurgy emerged from its severe crisis. The proportion accounted for by these enterprises in the total U.S. steel output rose from 3 percent in 1960 to 18 percent in 1983 and the figure is expected to reach 40 percent by 2000.<sup>29</sup>

Of course, small plants are not the solution in all industries, but we can say in general that the search for optimal production and management structures within corporations is now leading to a variety of organizational forms based on a combination of large-, medium-, and small-scale production with the smallest enterprises playing an increasingly important role.

Many giant corporations have been resorting to covert forms of concentration by taking control of formally independent small and medium-sized companies, the number of which is quite high and is still rising rapidly.<sup>30</sup>

One of the main new forms is the contract system, representing long-term contracted supply relations between a large (head) company and many small specialized firms manufacturing items in relatively small lots. The contracting and subcontracting system is particularly well developed in industries with mass assembly line production, firms producing technologically and structurally complex items, and military production. Furthermore, the small specialized firms often establish business contacts with several large corporations instead of just one, are departing from the system of long-term "attachment," and are actively seeking new consumers for their products.

The number of small firms specializing in the production of spare parts and experimental equipment and instruments is rising in the United States. Many large corporations are gradually closing their auxiliary, repair, and construction enterprises and are turning these functions over to specialized companies.

The franchising system of contract relations is a unique form of relations between large and small business in the sales sphere; a large corporation concludes an agreement granting small companies (new or existing ones) the exclusive right to sell its products or services. This method of economic activity has been particularly widespread in the 1980's. In 1985, 1,800 large American corporations sold their goods with the aid of this system. The number of small service enterprises in the system has now reached 481,000.<sup>31</sup>

Many expectations of leadership in the most advanced fields of scientific and technical progress in the United States are also associated with the small innovation firms specializing in the development and mastery of new technology and new types of products.<sup>32</sup>

The economic situation of the late 1970's and early 1980's necessitated the adaptation of capitalist corporations to new conditions and the revision of their economic strategy and all of their production and merchandising operations. Tendencies toward specialization, toward diversification, and toward the formation of huge concerns now coexist in American industry, but the balance is changing.

The evolution of forms of monopoly ownership has been reflected specifically in the modification of the multisectorial monopolies created in the 1960's and 1970's through diversification. Today production goals are far less likely than purely financial goals to encourage this line of action. The emphasis is not on the economic expediency of multisectorial development, but on



temporary market factors and the desire to secure only the immediate growth of assets and sales. As a result, the wave of mergers in the 1980's, which has been of a largely speculative nature, is violating the proportions of national production, intensifying anarchy, curtailing investment, causing the obsolescence of fixed capital and, as a result, slowing down economic growth. Nevertheless, it appears that the processes of intersectorial integration will continue to be developed in one form or another and will constantly clash with the limits imposed on them by the capitalist method of production.

The change in the organizational forms of monopolist ownership is also reflected in the continued departure from the model conglomerates of the 1960's. When these were created, production subdivisions were connected only by a system of financial control that was frequently only a matter of form. The bankruptcy of the conglomerates which began in the middle of the last decade continued in the 1980's and became one of the reasons for the mass sale of assets by companies. We can assume that this will also happen to many of the gigantic concerns created in the 1980's, especially when the time comes to repay the loans financing these mergers and takeovers.

The current process of mass sales, however, is not only the result of the collapse of ineffective conglomerate structures. There has been a noticeable shift toward the heightened production specialization of corporations in the 1980's as firms have tried to strengthen their position by transferring to the production of items of a single type.

We can assume that the reorganization of the production system of large monopolies will become one of the important factors capable of influencing the economic development of the United States in the next few years, particularly with regard to changes in the structure of industry. The contradictory nature of these processes, however, attests to the limited prospects of monopolization and the objective impossibility of adapting this process to the quickly changing requirements of the present stage of the technological revolution. For this reason, the exacerbation of capitalist contradictions in traditional and new forms will be an unavoidable attendant circumstance.

#### FOOTNOTES

1. V.I. Lenin, "Poln. sobr. soch." [Complete Collected Works], vol 27, pp 320-321.
2. "Statistical Abstract of the United States 1985," pp 522, 746; FORTUNE, 28 April 1986, pp 136, 138-139.
3. U.S. NEWS AND WORLD REPORT, 6 April 1981, p 79; 18 February 1985, p 62; FORTUNE, 20 January 1986, p 14. These are large-scale transactions in which each acquisition cost at least 100 million dollars.
4. FORTUNE, 25 January 1982, p 36; 24 January 1983, p 48; 23 January 1984, p 54; 21 January 1985, p 96; 20 January 1986, p 20.



5. DUN'S BUSINESS MONTH, September 1981, p 26; TIME, 19 March 1984, p 42; U.S. NEWS AND WORLD REPORT, 20 January 1986, p 46; EUROMONEY, February 1986, pp 82-83.
6. "Economic Report of the President 1985," pp 193-194; EUROMONEY, February 1986, p 82.
7. FINANCIAL TIMES, 7 March 1984.
8. TIME, 19 March 1984, p 44.
9. DUN'S BUSINESS MONTH, December 1981, p 42; EUROMONEY, February 1986, p 82; THE WALL STREET JOURNAL, 12 February 1986.
10. NEWSWEEK, 19 March 1984, p 46.
11. Deals of this kind were concluded earlier on a smaller scale. What is new about the process is that the largest joint-stock companies have become the object of acquisitions financed by loans. The cost of these transactions rose from 636 million dollars in 1979 to 31.5 billion in 1985 ("Economic Report of the President 1985," p 195; EUROMONEY, February 1986, p 93).
12. As a rule, 25-40 percent of the stock in the new company goes to the executives, and the rest goes to the foreign investors (DUN'S BUSINESS MONTH, April 1984, p 34).
13. V.I. Lenin, Op. cit., vol 27, p 322.
14. For a more detailed discussion of changes in antitrust regulation, see SSHA: EPI, 1985, No 8, pp 13-21.
15. DUN'S REVIEW, August 1981, p 40; NEWSWEEK, 19 March 1984, p 47.
16. FORTUNE, 6 January 1986, p 6.
17. BUSINESS WEEK, 2 April 1984, p 16; THE ECONOMIST, 23 August 1986, p 65.
18. THE ECONOMIST, 1 June 1985, p 65.
19. EUROMONEY, February 1986, p 85; MANAGEMENT TODAY, March 1986, p 82.
20. Calculated according to data in: FORTUNE, 25 January 1982, p 36; 24 January 1983, p 48; 23 January 1984, p 54; 21 January 1985, p 96; 20 January 1986, p 20; U.S. NEWS AND WORLD REPORT, 20 January 1986, p 45.
21. The 100 largest operations in 1984 affected the status of 4.5 million people (U.S. NEWS AND WORLD REPORT, 22 July 1985, p 48).
22. U.S. NEWS AND WORLD REPORT, 3 December 1984, p 73.

23. T. Peters and R. Waterman, "In Search of Excellence. Lessons from America's Best-Run Companies," translation from English, Moscow, 1986, pp 361-362.
24. U.S. NEWS AND WORLD REPORT, 22 July 1985, p 49; TIME, 23 December 1985, p 46.
25. FORTUNE, 6 January 1986, p 72.
26. When the so-called "divestment" deals are concluded, the parent company puts up its branches or subsidiaries for sale as independent subdivisions.
27. TIME, 23 December 1985, p 46; EUROMONEY, February 1986, p 86.
28. Although the average age of the plants belonging to the 500 largest companies and closed in the 1970's was 19 years, a third of them were no more than 6 years old (BUSINESS WEEK, 22 October 1984, p 61).
29. FORTUNE, 6 February 1984, pp 51-52. In U.S. industry as a whole, the average size of plants (in terms of number of employees) built before 1970 was 644 people, the figure for plants opened between 1970 and 1979 was 241, and the figure in the 1980's was 210 (BUSINESS WEEK, 22 October 1984, p 60).
30. In the middle of the 1960's there were 5 million small firms in the United States with under 500 employees, but in 1982 there were 14.5 million, and 10.1 million of these were owned by a single individual. In the 1980's their number has increased by 600,000 a year on the average. Non-monopolist small business accounts for 43 percent of the gross national product (BUSINESS WEEK, 27 May 1985, p 63; INC., May 1986, pp 31, 32).
31. BUSINESS AMERICA, 3 March 1986, pp 11-12.
32. SSHA: EPI, 1986, No 8, pp 86-93; 1985, No 10, pp 61-68; 1983, No 5, pp 89-98.

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## WASHINGTON'S ASIAN-PACIFIC POLICY

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 87 (signed to press 9 Apr 87) pp 25-34

[Article by M.G. Nosov: "Washington and the Security of the Asian-Pacific Region"]

[Text] Each year the Asian-Pacific region assumes a more prominent place in world affairs. The political interests and borders of the United States, whose foreign policy line in recent years has been distinguished by a turn toward the Pacific, of the PRC and Japan, which are playing an increasingly important role in international politics, and of the Soviet Union come into contact in this region, the world's largest in terms of dimensions and population. Each year the region plays a more important role in world economics. One of the most characteristic features of the current politico-military situation in the region is the unprecedented peacetime buildup of U.S. military strength.

Washington's encouragement of the militarization of the region and its saturation with the most modern means of warfare, including nuclear weapons, are seriously complicating the situation in this part of the world. Although the level of military confrontation here does not compare to the level in Europe, where NATO and Warsaw Pact forces are concentrated along the boundary between the socialist and capitalist countries, the probability of global or regional conflict is quite high.

Whereas the situation in Europe is now more or less stable as far as the qualitative and quantitative level of military confrontation is concerned, and any changes immediately become the topic of extensive publicity and discussion, the process of militarization in the Asian-Pacific region is taking place in the shadows, as it were, and is not apparent to the public. There is virtually no mechanism of international control over militarization here or even an effective system for the negotiation of its creation.

The complexity of the politico-military situation here is also a result of the greater number of participants in military confrontation than in Europe, and this is one of the main reasons for the complexity of military construction and strategic doctrines. The multitude of military objectives and interests also complicates calculations of the military balance. There are

many conflicts in the region, ranging in intensity from severe to potential, and in dimensions from regional to internal.

Besides this, in contrast to Europe, where states and the borders between them have assumed their final form, in the Asian-Pacific region there is still considerable geographic and political potential for changes, many of which could give rise to conflicts and clashes. In addition to all of this, the gap between industrially developed and developing countries is wider here than in Europe, and this could become a source of friction.

The military situation is distinguished by an emphasis on the buildup of U.S. naval forces in the Pacific and Indian oceans, and this is increasing the possibility of conflicts by giving these forces considerable autonomy in decisionmaking. The situation is also complicated by American naval strategy's assumption of the possibility of delivering a first strike. As then Secretary of the Navy J. Lehman said in 1984 in a speech at the Naval War College in Newport, "the President and his advisers must institute new rules of behavior on the seas, because the first to shoot has a greater chance of victory than anyone else."<sup>1</sup> The heightened probability of the region's involvement in global confrontations is also connected with its increased importance in U.S. nuclear strategy.

The current American concept of security in this region is based on what U.S. NEWS AND WORLD REPORT once termed the "Reagan doctrine for Asia" and boils down to "reviving American leadership in the region."<sup>2</sup>

The United States hopes to attain this objective by, in the first place, creating an anti-Soviet military coalition made up of, according to the plans of American strategists, the traditional American military allies--Japan, Australia, South Korea, and others--and the ASEAN countries and, under certain conditions, the PRC. In the second place, the people in Washington who regard the region not only as a zone of constantly growing U.S. political and economic interests but also as a bridgehead for military-strategic confrontation with the USSR and socialism believe that a dominant position can be secured primarily by reinforcing regional military potential. The powerful air and naval forces created here are backed up by the system of U.S. military bases in the Pacific and Indian oceans and are intended exclusively for action in the Asian-Pacific region. In 1984 Lehman announced: "Now we do not even discuss the pendulum strategy."<sup>3</sup>

The deployment of American strategic nuclear forces and support systems in the region is intended to create a nuclear threat to the Soviet Union. According to Western estimates, seven strategic submarines of the "Ohio" class, each armed with 24 Trident IC-4 missiles with eight 100-kiloton warheads, were located in the Pacific on 1 April 1986.

Although only one strategic wing of 12 B-52 bombers is deployed in the region, over a hundred strategic bombers intended for use in this theater are located in California, Washington, North Dakota, and South Dakota. Since December 1982 the bombers have been armed with cruise missiles with a range of 2,500 kilometers in addition to nuclear bombs and tactical air-to-ground missiles.<sup>4</sup>

The region is the location of major American centers for the command of nuclear weapons systems, most of which are outside the United States. For example, four of the six existing American centers for low-frequency communications with submarines are located in North West Cape (Australia), Yosami (Japan), Wahiawa (Hawaii), and Jim Creek (Washington State); five centers for communications with "Ohio"-class submarines are located in Japan and on Yap Island in Micronesia; satellite communication stations are located in Narrangara and Pine Gap in Australia, stations of the Cobra Dane satellite communications system are located in Mount John (New Zealand), Paelmosan (South Korea), Maui (Hawaii), and Clear and Shemya (Alaska), and radar stations for the testing of the ASAT system are located in San Miguel (Philippines) and on Kwajalein atoll.<sup>5</sup>

Two of the six unified U.S. commands are operating in this region: the Pacific Command (PACOM), established in 1947 and responsible for the Pacific Ocean and the territories along its shores, and the Central Command (CENTCOM), organized in January 1983 and intended for operations in the Indian Ocean and the Middle East; in peacetime it has 1,100 people under its jurisdiction, but in the event of a crisis the number could be augmented to 440,000 with units of existing formations.<sup>6</sup>

The forces of PACOM include two of the four U.S. fleets, the 7th Fleet, located primarily in the northwestern Pacific, and the 3d Fleet, based on the U.S. West Coast. In terms of function, the 3d Fleet serves as a reserve for the supplementation and rotation of the ships of the 7th Fleet and for operations in the east Pacific. In 1984 the number of servicemen under PACOM jurisdiction was 474,000.<sup>7</sup>

The basis of the fighting strength of the U.S. Pacific fleet consists of six aircraft carriers with over 675 airplanes on board, more than 200 of which are nuclear weapon carriers.<sup>8</sup> The carrier-based FA-18 Hornets, A-6 Intruders, and A-7 Corsairs with a range of around 1,000 kilometers can deliver a nuclear strike deep within Soviet territory.

In 1984 the United States began carrying out a program for the deployment of sea-based Tomahawk long-range cruise missiles capable of carrying nuclear and conventional projectiles. Various models of this missile can be launched from surface ships and submarines and from the ground and air. The nuclear warhead of the missile has a force of 200 kilotons. In other words, it is 15 times as powerful as the atom bomb dropped on Hiroshima. At the beginning of the 1980's more than 140 ships and submarines of the U.S. Navy will be equipped with 2,500 launchers for these missiles. They have already been deployed on the battleship "New Jersey"--8 launchers, on the cruiser "Long Beach"--16 launchers, and on 15 destroyers of the "Spruance" class--16 on each. In 1984 they had already been installed on 15 submarines of various classes--4 launchers on each.<sup>9</sup> Missiles are also being installed on other ships.

In recent years the United States has attached special importance to anti-submarine weapons. Virtually all American cruisers and destroyers have been armed with ASROC antisubmarine missiles with a range of 10 kilometers and a



nuclear charge. In 1980 the U.S. Pacific Fleet was equipped with 17 frigates of the "Oliver Hazard Perry" class, designed specifically for anti-submarine warfare. The same purpose is served by 117 P-3 Orion planes (with a range of 2,500 kilometers), armed with nuclear depth charges, the carrier-based S-3 Viking planes, and the SH-3 Sea King helicopters.<sup>10</sup>

In February 1986 the existing strike force in the region, headed by the modernized battleship "New Jersey," was supplemented with another force, with another battleship of the same class, the "Missouri," as its basis. Each force includes a missile cruiser and two missile destroyers. Similar strike forces are being formed around aircraft carriers. One of the 7th Fleet forces, and sometimes two, can be found in the Indian Ocean, which has been declared a "zone of U.S. strategic interests" along with Europe and the Far East. Three helicopter carriers of the "Tarawa" class of 39,000 tons each, with 34 CH-46 Sea Knight helicopters and a reinforced amphibious battalion (1,700 men) on board, and three helicopter carriers of the "Iwojima" class of 11,000 tons each, carrying 27 CH-46 helicopters, are intended for amphibious operations.<sup>11</sup> The Pentagon is creating the strike forces for use as an instrument of crisis regulation and for the expansion of American political influence.

The 5th and 13th U.S. air forces are part of PACOM. The 5th Air Force, with its staff headquarters in Yokote (Japan), has 72 F-15 and 27 F-16 planes in Japan and 24 F-4, 72 F-16, and 24 A-10 planes in South Korea. The 3d tactical fighter wing and planes from the 5th Air Force are now part of the 13th Air Force, headquartered in Clark Field (Philippines). Four MC-130 planes and 32 C-130 planes are also in the Philippines.<sup>12</sup> In all, more than 1,100 combat planes are intended for action in the Pacific theater, including air divisions located in the continental United States.

Of the 16 U.S. active infantry divisions, 2 (the 2d and the 25th) are located in South Korea and Hawaii; one infantry brigade is in Alaska. The 3d Marine Division is based in Okinawa (25,000 men), and one brigade of this division is in Hawaii. Another division intended for action in the Pacific theater is located on the West Coast of the United States at Camp Pendleton (California). The Marines have over 170 planes and helicopters. Three Marine landing units are being formed, including from four to seven landing ships, an air wing, and a support force. These units are located in the central, western, and eastern Pacific. Their personnel strength can reach 50,000.<sup>13</sup>

The Pentagon's attempts to create a global threat to the USSR from the east and west are beginning to play a more important role in U.S. military policy in the Asian-Pacific region. This is the reason for the frequent maneuvers by NATO forces in the West and the American Navy in the East. These are in line with the plans for the continued buildup of American naval forces near the perimeter of the Soviet Union's borders. This is also the purpose of the U.S. attempts to create a system for the integration of the Japanese military machine and NATO forces.

The American program for the reinforcement of military strength is rationalized primarily with the thesis of the "Soviet threat." The U.S. administration resorts to obvious lies to misrepresent the real state of affairs.

The situation in the world and in the region naturally forces the USSR to respond to the buildup of the military strength of the United States and its allies, especially since the Reagan Administration has been trying to achieve superiority from the very beginning. During Senate hearings in 1983 Lehman was already saying: "Naval superiority means that we must have guaranteed access, as far as we and others are concerned, to the regions of our vital interests in the face of any serious threat. Equal strength with the adversary is unacceptable because we are a sea power."<sup>14</sup>

Relations with allies by military agreement are playing an increasingly prominent role in American military policy in the Asian-Pacific region. Today six of the eight existing military agreements signed by the United States were concluded with countries in the region--with Japan (1951), the Philippines (1951), South Korea (1954), and Thailand (1950). Malaysia and Singapore, according to Admiral W. Crowe, "have been more or less drawn into the orbit of Western security" by the so-called "Five-Power Defense Arrangement" (Great Britain, Australia, New Zealand, Malaysia, and Singapore).<sup>15</sup> In 1951 another military bloc was established in the region--ANZUS, joined by Australia and New Zealand in addition to the United States. The decision of the Labour government elected on 14 July 1984 in New Zealand to prohibit the entry of its ports by ships with nuclear engines and ships carrying nuclear weapons, however, not only gave rise to a crisis in military relations between New Zealand and the United States but also jeopardized the very existence of the military bloc.<sup>16</sup> The United States has put a virtual freeze on all forms of military cooperation with Wellington, but it has not officially dissolved ANZUS, apparently in the expectation that the Labour government will change its mind under the constant barrage of American pressure or that the opposition National Party will regain power.

The armed forces of South Korea, Thailand, and the Philippines, as well as Taiwan, with which Washington has maintained unofficial military contacts, are intended primarily to deal with local problems, although the United States is something like a "guarantor" of the security of existing regimes, on different legal-treaty grounds in each case.

The existence of military alliances gives the United States a chance to establish a system of military bases near the borders of the USSR, thousands of kilometers from its own territory. In all, there are over 300 American installations of various types in the region, including such large air force bases as Kadena, Iwakuni, Misawa, and Yokote (Japan), Clark Field (Philippines), and Kunsan (South Korea), and the naval bases in Subic Bay (Philippines) and Yokosuka (Japan). The United States is using the Australian air force base in Darwin for flights of strategic B-52 bombers and sometimes uses basis in Thailand for shuttle transport flights and for maneuvers, although it officially left these bases in 1976. In January 1987 an agreement was reached on the establishment of American military equipment depots in Thailand "in case of emergency."

After C. Aquino took office in the Philippines in March 1986 and announced that the future of the bases here would be decided by a national referendum when the present agreement expires in 1991, the Pentagon began a frenzied

search for some other territory in this part of the Pacific for the establishment of bases as a substitute for those in the Philippines.<sup>17</sup>

The islands of Micronesia and Polynesia were considered to be a "suitable" place. The island of Guam was turned into one of the largest U.S. bases long ago, a naval base and nuclear and chemical weapon depots are being established on Palau, and the Pentagon has "leased" 18,000 acres of land on the islands of Tinian and Saipan in the Marianas for the "enlargement of existing military installations if necessary."<sup>18</sup>

Although this alternative is being considered, the United States is making every effort to keep the basis in the Philippines. In the first place, relocation would cost several billion dollars; in the second place, the bases in the Philippines are more convenient from the strategic standpoint; in the third place, the loss of the bases in the Philippines, in the opinion of the American administration, would hurt U.S. relations with other allies in the region. When C. Weinberger visited the Philippines in April 1986, he proposed an increase in military assistance, presupposing the retention of the American military bases in the country. Washington exerted even stronger pressure in September 1986, during C. Aquino's talks with R. Reagan.

The threat of losing the bases in the Philippines, the collapse of the ANZUS bloc, and the growing antinuclear movement in the South Pacific combined with the intensification of economic competition between the United States, Japan, and the so-called "new industrial states" testify that the United States is experiencing the relative weakening of its strategic positions even though it has retained politico-military and economic dominion. An analysis of the security beliefs of the majority of countries in the region testifies that many are inconsistent to some degree with American plans for the creation of a global anti-Soviet coalition.

Even the position of the United States' closest politico-military ally, Japan, with regard to the issue of closer American-Japanese military cooperation seems ambiguous. When the United States decided to take a hard anti-Soviet line, it saw Japan as a potentially important link in the attainment of American global political and military-strategic goals. Japan was assigned such military functions as "the defense of sea lanes within a radius of 1,000 miles" (1,800 kilometers), the blocking of the three straits of the Sea of Japan, and the buildup of antisubmarine forces. The United States has displayed a lively interest in the use of Japan's economic, scientific, and technical potential for military purposes. In November 1983 Japan signed an agreement on the transfer of its military technology to the United States under strong pressure from Washington. In September 1986 the United States convinced Japan to agree to participate in the Star Wars program.

The debates on national and Asian security issues in Japan seem to indicate the presence of several schools of strategic thought.

The "political realists" proceed primarily from the belief that Japan's security depends directly on the alliance with the United States and on the global aspects of the United States' position in the world. The stability

of the domestic economy, world economic conditions, and world markets is assigned an important role in safeguarding security. The "political realists" believe that Japan's security can be safeguarded if the United States concentrates on the military aspects of security and Japan concentrates on the economic aspects. The supporters of "political realism" regard the USSR as the main "threat to Japan's security," but more political than military. The basic principles of this doctrine were set forth in a report entitled "Asian Security" and prepared at Prime Minister M. Ohira's request by a group of Japanese political scientists headed by M. Inoki in July 1980.<sup>19</sup>

The approach of the so-called "military realists" to Japan's security is based primarily on an assessment of what they regard as probable scenarios of military crises threatening Japan: from global Soviet-American confrontations to local conflicts in the Far East. The supporters of this theory believe that a broader interpretation of the existing constitution would allow for the buildup of Japanese armed forces. They conceive of Japan's military development in terms of close cooperation with the United States and collective Western military efforts, presupposing specific forms of Japanese participation in military undertakings. As one member of the Japanese parliament wrote, "sea lanes in the Pacific and Indian oceans should be protected collectively by Japan, Australia, New Zealand, and the ASEAN under the supervision of the United States, which should be at the center of these collective efforts."<sup>20</sup>

The advocates of Japan's military autonomy, or the "Japanese Gaullists," as they are also called, have been much more active in recent years. They believe that the United States cannot and will not guarantee Japan's security and that independent military potential must therefore be created. The members of this group acknowledge the importance of friendly relations with Washington but advocate the revision of the constitution and the creation of strong military potential, and some even advocate the possession of nuclear weapons. In the words of Professor T. Kataoka from a university in Saitama Prefecture, an ideologist of this school, "we can only convince the USSR to respect Japan's neutrality if we have nuclear weapons."<sup>21</sup> This sentence sounds quite odd because, as we know, the Soviet Union respects the sovereignty of Japan and of every other country.

Japan's willingness to follow the American lead in military matters is the result of a desire to maintain and consolidate the alliance with the United States, which is regarded by Japanese ruling circles as the basis of the country's political and economic stability. In Japan, where economic problems have headed the list of foreign policy priorities up to the present time, keeping a high level of trade with the United States, which accounts for over a third of Japan's exports each year, is one of the most important objectives. Tokyo's willingness to follow American instructions in military matters is closely related to the Reagan Administration's refusal to take protectionist measures to guard the American market against invasion by Japanese exports.

One of the factors limiting the development of tendencies toward militarization is the still "civilian" orientation of the Japanese economy. Although a military industry has been established and is being developed in the country, its share of total production still does not exceed 1 percent.

American economists estimate that if Japanese military spending had been on a level with the spending of the NATO countries in the 1970's and 1980's, its GNP would be only two-thirds of what it is today.

Antiwar attitudes in public opinion and in the business community are another factor influencing foreign policymaking in the country. Japanese regional military activity is limited by Tokyo's desire to avoid any kind of exacerbation of its relations with its neighbors, which have a negative view of the prospect of Japan as a regional military power.

Political realities in Japan today have led to a theory of security envisaging its increasing involvement in the West's global military system, headed by the United States, although there are still substantial internal limits on the development of Japanese military potential. Besides this, although the United States has displayed a lively interest in the buildup of Japanese military potential, it is doing everything within its power to keep this development firmly under control.

American-Chinese relations have had some effect on the politico-military situation in the region. The Reagan Administration is still trying to take advantage of the existing conflicts between the PRC and the USSR. This is why the plans for American-Chinese military cooperation envisage the reinforcement of the particular components of Chinese military strength that would be directed primarily against the USSR. Broad-scale cooperation of this kind, however, is being seriously impeded by political factors (the maintenance of military contacts between Washington and Taipei and the development of tendencies toward the normalization of Soviet-Chinese relations) and by the absence of the necessary currency reserves in the PRC.

The policy of building up U.S. military potential in the Asian-Pacific region, where China has its own interests, is one of the reasons that the PRC leadership stopped making references to its desire for a "strong America." China also has no interest in the further qualitative escalation of the arms race. As Chairman Zhao Ziyang of the PRC State Council declared, "China is against the arms race and against its spread to outer space."<sup>22</sup>

The American attempts to put together a military bloc consisting of Washington, Tokyo, and Seoul, and the development of the American-Japanese alliance, particularly the "dangerous prospect" of the unification of their technological capabilities, have aroused serious worries in the PRC.<sup>23</sup>

Any analysis of the situation in the Asian-Pacific region would be incomplete without an examination of the Australian concept of security. It is based primarily on the existence of the ANZUS pact, signed in 1951. Without defining the specific and precise forms of Washington's participation in regional defense, this agreement concluded by Australia, New Zealand, and the United States envisages "countermeasures in the event of a common danger, taken in accordance with the signatories' constitutional procedures."<sup>24</sup>

Three main areas of the Australian concept of security have a perceptible impact on military construction.



The first is the view of security as part of the common military objectives of the Western community. Above all, this applies to military cooperation with the United States within the ANZUS framework and on the bilateral level. The specific forms of this cooperation include the effective integration of Australian naval units in American antisubmarine operations in the Pacific, the use of the Australian air force base in Darwin for flights of American B-52 strategic bombers, and the location of American bases in the country for the command and control of strategic nuclear weapons systems.

The second is an independent military policy aimed at the defense of Australia and the waters around it. This applies mainly to the possibility of hypothetical conflicts to the north of Australia.

The third is regional military policy, concerned with the issues of security in Southeast Asia and the southwest Pacific. Australia participates in various forms of military cooperation with the countries of Oceania and cooperates with Malaysia, Singapore, New Zealand and Great Britain within the framework of the Five-Power Defense Arrangement.

Australia is one of the initiators of the idea of a nuclear-free zone in the South Pacific. A resolution on this zone was adopted in August 1985 at the 16th session of the South Pacific Forum, uniting 13 countries in the region. The treaty on the nuclear-free zone in the South Pacific (the Rarotonga Treaty)<sup>25</sup> went into effect in December 1986, and the USSR signed protocols 2 and 3 to the treaty that same month, pledging not to use nuclear weapons or threaten their use against signatories and not to test any kind of nuclear explosive devices in the treaty zone.

Although the treaty as a whole is aimed against nuclear proliferation, it upholds the "sovereign right of states to decide the issue of the entry of their ports by ships carrying nuclear weapons." In spite of its shortcomings, however, the treaty could become a factor inhibiting the militarization of the region.

In 1971 the ASEAN declared its own concept of security in the Kuala Lumpur declaration on the creation of a "zone of peace, freedom and neutrality." Although all members of the group formally adhere to this idea, the policy of each, with the exception of Indonesia, is not completely in line with the declared principles because they have joined military alliances or have signed bilateral military agreements.

The actual ASEAN approach to security issues is based on the recognition of the security interrelationship of all Southeast Asian countries and the indivisibility of the security of the ASEAN countries, which can only be guaranteed if this association remains viable and the internal security of all members of the group is guaranteed. The positions of the different members on security matters are not the same and are affected by the specific political situation, but as a community ASEAN advocates non-intervention and neutrality in all conflicts between the great powers.

The socialist states of the region also announced their concept of security at the beginning of the 1980's. The declaration "On Peace, Stability,

Friendship and Cooperation in Southeast Asia," proclaimed in January 1981 by the foreign ministers of Vietnam, Laos, and Cambodia, envisages the transformation of Southeast Asia into a zone of peace and stability. This proposal is based on a realistic assessment of the security concepts of ASEAN countries and envisages the creation of a nuclear-free zone in the region and the conclusion of a treaty by the ASEAN countries and the states of Indochina on peace and stability in Southeast Asia. The declaration stated the need to convene an international conference with the participation of the permanent members of the UN Security Council for the acknowledgement of the treaty and the provision of security guarantees.

The Soviet Union also attaches great importance to the security of the Asian-Pacific region.

Regarding the guaranteed security of this region as one of its main foreign policy objectives, the USSR proceeds from the belief that this part of the world can and should become involved in the worldwide efforts to achieve disarmament and prevent a thermonuclear disaster. The USSR has repeatedly proposed that the dangerous process of the militarization of the Pacific region be halted and has offered an extensive program of guaranteed security as an alternative to the policy of escalated confrontation between various countries and groups. This program was set forth in the most complete and specific terms in General Secretary of the CPSU Central Committee M.S. Gorbachev's speech in Vladivostok on 28 July 1986 and included such proposals as regional regulation, the cessation of the proliferation and buildup of nuclear weapons in the region, the negotiation of the reduction of naval activity in the Pacific, especially by ships carrying nuclear weapons, the gradual reduction of armed forces and conventional arms in Asia to a reasonable and adequate level, and the organization of an all-Asia conference for the discussion of non-aggression and confidence-building measures.

The Soviet program for the creation of a nuclear-free world fully acknowledges the urgent need for nuclear disarmament in the Asian-Pacific region. The constructive Soviet proposals discussed in Reykjavik envisage the substantial reduction of the intermediate-range missiles deployed there and could become the first step, and an extremely important one, in the relaxation of tension in this part of the world.

On behalf of the more than 1 billion inhabitants of the region, the Delhi declaration on the principles of a nuclear-free and non-violent world was drafted during M.S. Gorbachev's visit to India in November 1986 and was signed by M.S. Gorbachev and R. Gandhi. The appeal in the declaration for the complete elimination of nuclear weapons before the end of this century, the renunciation of the emplacement of any weapons in space, the prohibition of nuclear tests, and the elimination of weapons of mass destruction is consistent with the desires and hopes of the people of the Asian-Pacific region and the entire world.

The implementation of this program could pave the way for genuine stability. Everything depends on the political will of the states in this region.

# FOOTNOTES

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## HUMAN FACTOR IN U.S. ARMY ASSESSED

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[Article by R.Yu. Volkova and T.V. Kuznetsova: "The Soldier in the American Army"]

[Text] When we discuss the military potential of any state, we are primarily referring to its technical strength, but the "human factor" is an equally important part of this potential. It is no coincidence that U.S. military circles have taken such an interest in the development of military sociology, one of the major fields of American applied sociology.

What can we say about the U.S. Army from the standpoint of human resources? How does it differ from other armies in the world? Experts have made several attempts to answer these questions. After the end of World War II, for example, a group of the most prominent sociologists published a four-volume work entitled "The American Soldier," a thorough examination of the wartime behavior of soldiers and their motivation. But this classic study and later works (with rare exceptions) bypassed questions connected with the fundamentals of American military thinking and ethics. Without answers to these questions, however, the behavioral stereotypes of the soldiers of the past, the present, and even the future cannot be understood in their entirety. In particular, American experts on military sociology and psychology (again with rare exceptions) have not paid enough attention to analyses of the military profession from the historical and culturological standpoints, although many features of the soldier's mentality and standards of behavior stem precisely from cultural traditions and the past history of the American nation as a whole.

First of all, the isolation of America meant that there was virtually no need to protect the border or to maintain a large army for this purpose. There has not been a single war with an outside adversary on U.S. territory since 1815. In the second place, in the past the existence of the regular army was associated in the public mind with the old aristocratic order against which the emerging nation had rebelled.

The "founding fathers" of the United States advocated only the creation of a "people's militia," convened when necessary and used only as a militarized guard. In 1784 the Continental Congress declared that "the existence of



armies in peacetime is inconsistent with the principles of republican government, threatens the liberties of free people, and usually turns into a destructive mechanism with despotic tendencies."<sup>1</sup> The constitutions of some states even said that the maintenance of an army in peacetime should be prohibited in America, with the exception of those cases in which legislative bodies decide otherwise and grant special authorization for this.<sup>2</sup> In other words, militarist political thinking was alien to the American nation in the beginning.

The absence of military service was part of America's appeal, especially to young European immigrants. The armed forces of the United States were irregular in principle, but this did not apply to the small core of career military. The Military Academy in West Point was established in 1802 and the Naval Academy in Annapolis was founded in 1845. The existence of these academies was the constant target of public criticism, and not because they were seats of militarism (the graduates of these academies frequently did not choose a military career, but became engineers, businessmen, educators, politicians, etc.), but because they were elitist. Applications to these institutions were accompanied by bribes, and applicants were judged on the basis of the financial status of their parents. The American nouveau riche had aristocratic ambitions and associated them with high military rank, and in the rural south the image of the officer was the closest thing possible to the ideal of the "real English gentleman."<sup>3</sup> The preoccupation of the new American aristocracy with titles, military honors, and uniforms became legend, even though the military of that time were usually "officers without an army."

The first national draft law in the United States was enacted during the Civil War and was repealed almost immediately after the war. The war reinforced the voluntary and irregular principles and increased the "value" of the officer's uniform even in the north,<sup>4</sup> although it did not foster respect for the army as an institution. For this reason, by 1880 the "value of the uniform" was declining: Only one career officer has been elected president of the United States since that time (D. Eisenhower, 1952-60).

A second national draft law was enacted during World War I, on 18 May 1917, and was abolished as early as 1918. The compulsory draft was instituted twice after that--in 1940 (in connection with the U.S. preparations to enter World War II) and in 1948.

Without this kind of brief review of the distinctive historical traditions of the U.S. Army, an understanding of its uniqueness would be impossible. It is not surprising that the "test of strength" in the 1940's revealed some of its weaknesses. The attack on the Pearl Harbor military base had a shocking and demoralizing effect. Americans had to pay for the tenacity of isolationist feelings in the public mind and for the absence of beliefs in the soldier's duty (even though a high percentage of the soldiers were volunteers). In the American system of values, civic duty was interpreted as personal success serving the good of America's general prosperity; patriotism was merely the conviction that the American way of life and social order were the "best in the world" and did not require any special effort. Furthermore, as research

indicated, in combat soldiers were willing to sacrifice something (even their lives), but they were motivated less by ideological and political factors than by "group unity": The behavior of soldiers and officers in battle depended mainly on this feeling ("not to let the others down"), which served as a unifying factor.

Many researchers noted the inadequate command training of officers and sergeants. The emphasis on technical equipment and pragmatism in the American culture had a negative effect on the army in this field. The emphasis on powerful combat equipment seemed to push the development of "human potential" into the background.

During World War II there were also conflicts between enlisted men and officers, mainly because of the natural differences in their status in the army. The American who had been raised to believe in the immutable ideal of judicial equality for all and had been raised in a culture without military traditions, found it hard to understand why the officers had certain legitimate privileges--not only in the area of living conveniences but also in the more general area of the one-way relationship of "command and submission."<sup>5</sup>

The war gave rise to psychological conflicts between officers and enlisted men and between soldiers on the front and those in the rear. America was fighting on foreign territory, and the burden of war was being carried mainly by the frontline soldiers; the country seemed to be divided into two unequal parts. According to studies, almost half of the frontline soldiers believed that those in the rear did not do enough to win the war and did not appreciate what the frontline soldiers were doing. The feelings of the soldiers were aptly conveyed by one of the writers at the front: "You know what will happen if they kill me? My mother will hang a gold star in the window right away: Look, it will say, he fell in battle. And what a good excuse to shed a tear at her Saturday bridge club! Sis is bound to make speeches. She is a sociology major in college--the center of attention and a big success. And my father will brag to his friends in the American Legion hall, where he hangs out three times a week, that his son shed his blood for his country and died a hero."<sup>6</sup> The war not only failed to bring the army closer to the society but even widened the gap between them.

The idea of creating an army as a permanent political institution and converting it from a fundamentally irregular army to a fundamentally regular one was first brought up after World War II. The army itself was changing. In particular, whereas the opportunity of a military education was previously extended mainly to the elite, the people who were entering the armed forces now were not only members of the lower social classes, but they were quite often failures, the very people who were least able to compete in the capitalist society.

The new American system required a new set of military ethics. The military-industrial complex instilled it with the managerial spirit. The army turned into something like a gigantic corporation, and army service began to be regarded as just another job. The relations between officers and soldiers were to be modeled on the relationship between the manager and his subordinates

(privileges would be extended to officers because of their experience, knowledge, etc.). Many American military psychologists believed that the army's new image led to the erosion of the "military code of honor," "because no one even considered sacrificing his life for General Motors."<sup>7</sup> The military career became an end in itself, and "high ideals" were replaced by pure pragmatism.

In the 1950's U.S. military circles made the typically American choice of not professionalizing the recruits, but of creating enough military strength to terrify the enemy and make the American taxpayers proud. The issue of the human factor continued to remain on the sidelines, and the compulsory draft secured the necessary quantity of human material after 1948. The draft existed from 1948 to 1973. During this time the American draftees went through two wars--in Korea and in Vietnam. We will discuss the latter in greater detail because it had major implications for national politics and for the army.

This war was the complete opposite of World War II, which the Americans entered after surmounting strong isolationist and pacifist feelings. The campaign in Vietnam was initially supported by the public, especially the young, which is understandable in view of the general mood of those years. The preceding period of McCarthyism also had an impact: The struggle against "the spread of the communist threat" was regarded as a "just cause" and as the fulfillment of an "exalted mission."

Nevertheless, the composition of the armed forces was quite different from the composition of the World War II army: Using various privileges for students and other loopholes, young people from "decent families" tried to avoid the draft, and those "who fought and died in Vietnam were mainly social misfits, people who had been passed over in school, at work, and in other spheres of social competition."<sup>8</sup> According to studies of those years, young people from low-income families were three times as likely to die in Vietnam as those from high-income families, and the undereducated were four times as likely to die as people with a higher education.<sup>9</sup> This would have been difficult to imagine in World War II, when service in the army was regarded as a matter of honor.

Americans did not realize that the Vietnam venture was a "dirty war" immediately, but only through bitter personal experience. This experience also reflected the considerable changes that had taken place in the society as a whole.

The American society began undergoing significant sociocultural changes in the 1950's, when the soil was prepared for rebellion against traditional values. American sociologists and psychologists were already commenting on the crisis in the moral and psychological atmosphere in the 1950's in connection with the loss of the traditional American values and standards and used the term "anomie" to define the public state of mind.<sup>10</sup> The people who fought in Vietnam had a distinctly different personality type from the World War II soldiers.

For the soldiers in World War II the fundamental, decisive factor of behavior in battle was the common beliefs about honor and duty, which united people. In the war novels of American writer and frontline soldier J. Jones, the protagonist is not an individual, but the "Company" (with a capital C). Different people, sometimes even antagonists, are united in a single entity and do not separate themselves from it. In the 1960's this kind of unity (or, more precisely, the desire for it) came into being only after the soldiers came back home, when society turned its back on the "hired killers." The army seemed to be mainly a mob of "undisciplined, sluggish, virtually anonymous people without a common goal, each having only the personal goal of survival."<sup>11</sup>

People with an eroded set of values could not be united by an ideology, and the methods of military training were changed accordingly. The "Green Berets" were trained primarily for brutality and for individual defense: When they met the enemy they could not count on the support of others and had to defend themselves. Of course, this kind of training was closely related to the methods of fighting a war started by the United States, but it also reflected the more pronounced individualist features of the American consciousness, alienation, and the disintegration of values and interpersonal relationships.

Alienation, the lifting of moral restrictions, the permissive atmosphere, and the cultivation of inner aggressiveness all contributed to widespread drug abuse among the soldiers. "Drug abuse was a sign that discipline was weak, morale was low, and the quality of command was lousy, that the soldiers were psychologically and socially alienated from other soldiers, from commanders, and from their subunit. It signaled the collapse of a military system incapable of socializing the soldiers and instilling them with the values and traditions needed for the performance of the soldier's duty."<sup>12</sup> Drugs only reinforced the standards of behavior that had given rise to this unhealthy weakness.

The managerial spirit, making advancement in the service the highest goal, also had a destructive effect on the "martial spirit." The number of officers was excessive in comparison to World War II, honors seemed to flow from a horn of plenty, promotions came with lightning speed, but more and more officers avoided combat, and this also created difficulties between the enlisted men and the command corps. Many soldiers were convinced that the officers would not be involved in any of the battles for which they were training their subordinates. More than 1,000 officers and sergeants were killed by their own soldiers.<sup>13</sup>

The war in Vietnam made the conflicts between the army and society even more acute. "Vietnam veteran" became a synonym for a professional killer and a person without high moral standards. People turned their backs on the veterans and preferred not to hire them.<sup>14</sup> Many veterans later recalled that the first question they were asked by relatives and former friends when they came back home was: "How many women and children did you kill?" This was not a casual question: The news footage and photographs of their "heroic feats" had made a strong impression on Americans. The monstrous crime in

Songmy village shocked Americans along with the rest of the world. The entire society had to share the blame for these crimes with the people directly responsible for them. In 1966 the majority of Americans were still in favor of the more intense bombing of Southeast Asia because they had been told that this would bring the hateful war to a rapid conclusion.<sup>15</sup>

The soldiers who returned from Vietnam encountered another purely American feature of public attitudes. The criterion of success is used here to judge any undertaking. The "loser" is held accountable for his defeat, without any excuses. The attitude toward soldiers has also been based on their success or failure: the "victors" in World War II, the "losers" from Vietnam, and the "heroes" of Grenada.<sup>16</sup> It is no wonder that Pentagon generals say that America should now become involved only in obviously winnable conflicts-- "minor wars of triumph." "The prestige, personal image, and financial well-being of soldiers will be enhanced if they can convince civilians and themselves that wars can be short, decisive, and good for the society."<sup>17</sup>

The "Vietnam experience" is still having some effect on society and on the prospects of those who fought there. In the middle of the 1980's researchers from the University of California established the fact that Vietnam veterans were still more likely to commit suicide even in those years so close to our own time than Americans of the same age who had not served in the army: The probability of suicide was 86 percent higher in the former group.

The alienation of the army from the society was not surmounted in the 1970's. In fact, many new factors contributed to its further intensification and mounting criticism of the military establishment.

Mass dissatisfaction with the army as a political institution led to the renunciation of the principle of conscription and a transfer to voluntary service. The transfer to voluntary service (in 1973) was necessary for the maintenance of the stability of the army and the reinforcement of its connection with the society. This practice, however, turned out to be quite inconvenient for a regular army equipped with the latest weapons, necessitating personnel of a certain quality and quantity.

Signs of crisis in the economy and the related rise in unemployment among youth facilitated the recruitment of the necessary number of people, but this was the forced "volunteering" of the potentially unemployed. For this reason, when unemployment among youth dropped to 15.9 percent at the end of the 1970's, the number of new recruits also declined.<sup>18</sup> In addition to all this, the "army's image," which had remained fairly bad throughout the 1970's, was tarnished even more by the failure of the plan to rescue the hostages in Iran.

By the end of the 1970's, the U.S. Army had undergone qualitative changes for the worse in addition to the reduction of personnel. The most capable young people and, in general, the "satisfactory" young people from the middle strata preferred to continue their education and stay out of the army. In the group of white male volunteers there was a lower percentage of the most capable (the first and second intellectual categories in entrance examinations



for military service) and a higher percentage of the least capable (the third and fourth categories).<sup>19</sup> This did much to lower discipline, raise the cost of training, and weaken the effectiveness of the entire system of voluntary recruitment, because people with average and low intellectual capabilities were more likely to leave the army before the end of their term of service. In the opinion of researchers, the ability to adapt to service in the army, to develop self-assurance, and to surmount alienation also depends largely on the level of education. Young people with a high school diploma are therefore of value to the army because it is easier to teach them military skills and because they are more conscientious. In 1978, for example, 41.4 percent of the recruits without a secondary education did not complete their 3-year term of service, in contrast to 22.7 percent of those with a high school diploma.<sup>20</sup>

At the beginning of the 1980's the situation with regard to recruitment improved considerably, largely because unemployment among youth rose again (to 19.6 percent in 1981).<sup>21</sup> The number of new recruits also rose because the salaries of servicemen were increased by a third in 2 years, from 1979 to 1981; student grants for veterans increased while ordinary student assistance programs were slashed; the Pentagon spent more money on recruitment ads, etc.

Economic factors played the main role in the improvement of recruitment at the beginning of the 1980's, but the prestige of the military profession was also enhanced by propaganda and the molding of public opinion when the country wanted to "forget Vietnam," overcome the "guilt complex" arising in connection with this, and restore national self-esteem. A survey of young people in several Western countries at the end of the 1970's indicated that young Americans were "more patriotic" than their contemporaries in other countries.<sup>22</sup>

Conservative feelings continued to grow stronger in the 1980's, especially among those who had chosen a military career at the beginning of the decade. According to naval officers, the Navy was experiencing "the rebirth of the old naval sense of pride and enthusiasm.... This, in turn, reflects the deeper changes in American views after the new attitude toward defense was crystallized under the influence of the hostage crisis in Iran."<sup>23</sup>

The escalation of anticommunist and chauvinistic feelings in the beginning of the 1980's attached special importance to military service. This campaign was made all the more successful by the official propaganda of the "defensive" nature of the army, which was portrayed primarily as a means of "intimidation and deterrence," and not invasion. It is significant that the strong nationalist feelings of today's youth differ from the abstract sense of loyalty to the American system that was cultivated in "pre-Vietnam" youth. The criticism of government institutions became a firm part of the American political consciousness, and the army is therefore trying to surmount these feelings by stimulating overt nationalism and anticommunism.

To lift the morale of servicemen, today's national leaders are emphasizing the "continuity of tradition" in the American Army, creating a cult of its new heroes, elevating the status of Vietnam veterans, erecting memorials to them, etc. Here is what Ronald Reagan said to the graduates of the Naval Academy on 2 May 1985: "You are an integral part of a noble tradition. When

America defends independence and freedom...it relies on the bravery, good sense, and leadership qualities of its officer corps.... Today, more than ever before in our history, strength and not weakness, conviction and not doubts, are keeping the peace.... Your lives are precious. You are embarking on a difficult and dangerous road for America's sake.... The flag (of freedom) is in your hands. Serve with pride in it--and in yourselves."<sup>24</sup>

Reagan's visit to a military cemetery in West Germany where Nazi soldiers are buried not only had a political purpose but was also of an "educative" nature. The President said that he wanted to pay his respects to the common soldiers (without any discrimination!) who had served their country with honor. The purpose of his gesture was the propagation of the cult of the soldier's duty and the blind fulfillment of military obligations even when the political objectives set for the army are incorrect and unjust.

The results of Reagan's policy were felt soon afterward when the attitude of young Americans toward service in the army changed. Studies indicated that the number of young men with a "definite intention" to enlist in the armed forces or at least "not excluding" this possibility began to rise in 1980 after its constant decline from 1976 to 1979.<sup>25</sup>

The tendencies the advocates of a return to the compulsory draft had warned against, however, also became apparent. Above all, the number of people of draft age began to decline, even if only slowly. Whereas the data of the Bureau of the Census put the number of young men and women from 18 to 21 at 17 million in 1981, the figure had dropped to 15.4 million in 1985, and this was only the beginning of a steady trend. The drop in the general birthrate was accompanied by a rise in the percentage of non-white youths, who are alleged in military circles to be less amenable to discipline, less inclined to develop military skills, and more likely to become addicted to drugs.

Regardless of the ups and downs in the number of new recruits, however, the primary concern of U.S. military circles is still the problem of personnel quality.

The number of recruits can be increased in various ways--either through higher salaries and other privileges or through the more radical solution of the draft. The quality of personnel is a more complex matter. It is true that the elitist branches of the armed forces (the Navy and the Air Force) set restrictions long ago for people of low intelligence, and that special programs brought the rate of drug use in the armed forces down to a point below the civilian rate in the 1980's. In general, however, the morale of servicemen depends on the moral and psychological atmosphere in the society.

Studies of values and social morality (by D. Yankelovich and others) indicate that beliefs about duty, obligation, and authority changed in the last decade: A sense of "duty to oneself" has become characteristic of many Americans. Value judgments are a new element of army service: When the soldier is given an order, he decides whether he will or will not carry it out, whether he wants to or does not want to carry it out, whether he will carry it out under threats even if he does not want to carry it out, etc. The degree of obedience now depends largely on the individual's inner values.

In a study by C. Brown and C. Moskos of the soldier's degree of willingness to participate in military actions, only 79 percent of the servicemen surveyed at the end of the 1970's declared this kind of willingness and desire to participate, at least if they were ordered to do so, while 21 percent would try to avoid combat or would refuse to follow orders. At the beginning of the 1980's W. Cockerham and L. Kogan<sup>26</sup> surveyed members of landing forces to learn their feelings about participation in military operations. They learned that there was a high degree of willingness (93 percent of the respondents) in the case of operations to rescue fellow citizens in danger abroad (these feelings were influenced by the events in Iran); 85 percent were willing to defend U.S. bases overseas or to fight in a war overseas. More than 97 percent, however, expressed a desire and willingness to fight the elements, 91 percent were willing to combat "unrest" in the United States, and 88 percent were willing to help the authorities put down "black riots." Therefore, they perceived overseas operations as a relatively less desirable undertaking.

An analysis of officer attitudes revealed the following tendencies. Officers in the Marine Corps (a study by C. Brown and C. Moskos in the early 1980's) expressed the greatest willingness to fight in cases of hypothetical attacks on the United States (93.9 percent of the respondents) and the seizure of American servicemen abroad (80.3 percent). Other figures were 53.7 percent for an invasion of Western Europe, 53.7 percent for participation in a war abroad supported by the American public, 41 percent for an invasion in the Far East, 19.7 percent for the protection of U.S. economic interests abroad, and 19.7 percent for participation in a war abroad not supported by the American public.<sup>27</sup> As we can see, the willingness to fight declines sharply if the lives of Americans are not at stake, if only ally commitments or economic interests are involved, and declines even more in the case of military conflicts in whose resolution other countries have an interest. This coincides with public opinion in general.

Social psychologists say that the reason for this low degree of willingness is that most of the people who enter the armed forces for active service are suffering from a strong "isolation complex," people they describe as "alienated." According to the data of S. Westbrook, 86 percent of the soldiers surveyed at the end of the 1970's said that they were too gullible, 69 percent felt that "people do not care about each other" and that they are alienated (16 percent were undecided), 51 percent believed that most people cannot be trusted (19 percent undecided), 43 percent did not expect to achieve anything in the army as soldiers (19 percent undecided), 44 percent did not believe that the other soldiers in the platoon would help them in combat (31 percent undecided), 41 percent felt that the government would send them into battle even if the war was not in the national interest (21 percent undecided), 32 percent did not believe that officers and sergeants would act the same way in battle as they had trained their soldiers to act (18 percent undecided), and 23 percent believed that the American people would not give their army all the support necessary to win a war (36 percent undecided). Only 36.2 percent of the soldiers in active service said yes when they were asked whether or not soldiers take pride in their subunit (compare this to the attitude toward the "Company" in J. Jones' novels). Their feelings about the army in general are no better. In Westbrook's words, "when soldiers do not believe in anything, this naturally lessens their desire to sacrifice themselves for the sake of some kind of abstract common goal."<sup>28</sup>

There is the opinion that the main objective of military training in the American army should be the "stimulation" of aggressiveness and ruthlessness toward the enemy. In the opinion of many psychologists, however, the behavior of the aggressive soldier in battle is unpredictable. Furthermore, this "stimulation" takes place in peacetime, when this aggression has no outlet and intensifies the psychological instability in the army. It is no wonder that the U.S. military leadership occasionally gets the urge to use the "natural firing ranges" created by local international conflicts. In the age of global confrontation between the two systems, however, this adventurism is too likely to put the world at risk.

The Pentagon is paying more and more attention to the increasingly difficult task of raising morale in the army. What methods is the U.S. military establishment using to solve this problem?

The first method is the intense ideological and psychological molding of armed forces personnel. A large part of the military budget is used to maintain a large staff of military sociologists and psychologists, to publish dozens of special magazines and newspapers, to pay advertising costs, etc. After all, most servicemen are not professionals, but people who have temporarily taken a job in the army and who have entered the service with firm beliefs and attitudes. For this reason, military circles have good reason to blame the low efficiency of their psychological molding on the fact that "the armed forces cannot erase the preceding 17 or more years of socialization in order to turn the individual into the ideal steadfast serviceman."<sup>29</sup> In the opinion of these authors, the ideal conditions for the training of a future serviceman during the process of his early socialization existed in prewar Japan, when the family prepared the future soldier from birth to sacrifice himself to the military cause. "The ritualization of the Kamikaze training program was so strict that the only way of saving one's family and oneself from ostracism was to 'die for the emperor.' The Kamikaze is an example of the effectiveness of feelings of loyalty stemming from social causes."<sup>30</sup>

Of course, this example cannot serve as a model in the United States, but the idea of this kind of molding of public opinion and of cultivating certain beliefs in American families about the early socialization of children in line with the political goals of the nation was quite appealing to politicians and to the military. We have already said that the conservative rhetoric of the 1980's, based on anticommunism and anti-Sovietism, increased American trust in the army as the "savior of traditional American values." The majority of respondents agreed with the slogan "Better dead than red," which deliberately suggested the possibility of the first of these alternatives. This was the reason for the success of army recruiting even in such previously unthinkable places as the college campus.

The second solution suggested by the current U.S. military establishment to the problem of the quality of "human material" in the army was the creation of crack combat units. When even intense ideological training did not produce the results anticipated by military leaders, the idea of creating small formations of this kind arose. Their number would depend on forecasts of actual requirements in the event of military operations. There are now 15,000



people serving in special units, including 9,000 in the Army, 4,000 in the Air Force, and 1,000 in the Navy. In the opinion of leading experts, the members of these units are the soldiers with the best professional training, the best of those who have served in the army in the last 30 years.<sup>31</sup>

The third method of resolving conflicts between the current military goals of the United States and the sociopsychological attitudes of Americans (especially now that more value is placed on human life and the idea that it would be preferable to settle foreign policy conflicts by non-military methods is gaining strength in public opinion) is the traditional American method of building up military-technical potential. Special problems connected with the "human factor" exist in this field. Above all, the gap between the increasing complexity of technical equipment and the fairly low educational level of military personnel is growing wider. As the PHILADELPHIA INQUIRER remarked, "the Defense Department should restrain its appetite for overly complex weapons and acquire simple, 'easy-to-use' arms.... The testing of today's young people indicates that there is a lower percentage of potential servicemen with the necessary background and the ability to acquire the kind of technical skills that will be needed more and more for the performance of a broad range of functions in military service."<sup>32</sup>

In this case, the problem of human resources and their quality is reduced to a mere matter of education and technical training. This is a much easier task than the reordering of values. In the age of universal computerization, including the computerization of military equipment, the human being is often ignored, but as we already mentioned above, U.S. technical strength did not always work in combat even in the past, because the behavior of American servicemen could not have been described as highly professional. Has anything changed? The supporters of this point of view assert that the quality of military personnel is not the deciding factor when powerful computerized weapons are used. This method of developing the U.S. Armed Forces--in which human thinking and ethics go by the board--poses a real threat. It is no coincidence that our country is opposed to the further escalation of the arms race: Blind reliance on technical equipment could put the world in a situation in which it would be too late for human intervention.

As we can see, the problem of the "human factor" in the U.S. Armed Forces is quite complex, especially since the system itself is distinguished by constant development. The question of the best method of recruitment has not been settled yet; there is an urgent need for reform in the armed forces; there are still many unsolved problems in connection with racial integration in the army and the mass enlistment of women, etc.

At this time, U.S. militarism poses a great threat to humanity. This is why the evolution of the armed forces of this country is far from an academic matter.

#### FOOTNOTES

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2. "The Americans: 1976," edited by J. Kristol and P. Weaver, Lexington (Mass.), p 112.
3. S. Huntington, Op. cit., p 211.
4. In his novel "1876," G. Vidal makes fun of the weakness for military rank among members of the upper strata of American society at that time. "After the war between the northern and southern states I did not meet a single American in that age group who did not introduce himself as a colonel or commodore. I continually raised their rank, calling them generals and admirals. They preened themselves and did not correct me" (the narrator is a man of that time)--G. Vidal, "1876," Moscow, 1986, p 38.
5. "The American Soldier," vol 1, Princeton (N.Y.), 1949, p 369. The same feelings, as a study by R. Fosdick testifies, were prevalent in World War I (Ibid., p 381). The same matter is discussed by researchers of the behavior of servicemen in Vietnam. This conflict was particularly acute in World War II, however, because the average new recruit was better educated than his immediate commander.
6. J. Jones, "Just Call," Moscow, 1983, p 115.
7. R. Gabriel and P. Savage, "Crisis in Command," N.Y., 1978, p 20.
8. "The Wounded Generation: America After Vietnam," edited by A. Horne, N.Y., 1981, p 10.
9. Ibid., p 12.
10. "Anomie" is the term used to define the state of mind of a person cut off from his moral roots, a person who has no firm standards of behavior, who submits to inner, illogical urges and impulses, who no longer realizes the reasons for his actions, and who has no awareness of his connection with other people or his moral obligations--quoted in Yu.A. Zamoshkin, "Krizis burzhuaznogo individualizma i lichnost" [The Crisis of Bourgeois Individualism and Personality], Moscow, 1966, pp 11-12.
11. R. Gabriel and P. Savage, Op. cit., p 9.
12. R. Gabriel, "The Antagonists," N.Y., 1984, p 109.
13. Ibid., p 82.
14. M. Baker, "Nam: The Vietnam War in the Words of the Men and Women Who Fought There," N.Y., 1981.
15. L. Harris, "The Anguish of Change," N.Y., 1973, p 59.
16. Ibid.

17. ARMED FORCES AND SOCIETY, Winter 1986, p 181.
18. R. Gabriel and P. Savage, Op. cit., p 9.
19. Ibid., p 9.
20. Ibid., p 5.
21. Ibid., p 13.
22. ENCOUNTER, January 1983, pp 76, 78.
23. FAR EASTERN ECONOMIC REVIEW, 11 April 1985, p 37.
24. WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, 27 May 1985, p 673.
25. ARMED FORCES AND SOCIETY, Fall 1983, p 91.
26. JOURNAL OF POLITICAL AND MILITARY SOCIOLOGY, 1982, No 2, pp 302-303.
27. Ibid.
28. ARMY, December 1979, pp 19-20; R. Gabriel, Op. cit., p 46.
29. ARMY, May 1986, p 42.
30. Ibid., p 45.
31. U.S. NEWS AND WORLD REPORT, 3 November 1986, pp 38, 41.
32. PHILADELPHIA INQUIRER, 28 July 1986.

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## QUALITY CONTROL IN U.S., JAPANESE COMPANIES

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 87 (signed to press 9 Apr 87) pp 46-56

[Final installment of article by L.A. Konareva: "Quality Control in the United States and Japan"]

[Text] Many U.S. studies of the 1980's have dealt with the so-called system of "company-wide quality control" instituted in leading Japanese companies. A thorough analysis of the system indicates that there is nothing fundamentally new about it and that it is based completely on the theory of total quality control--indisputably the product of the thinking of American scientists. What has happened is that the ideas and concepts of the company-wide approach to quality control, which were first put forth in the United States, have been implemented to a much greater extent in Japan than in the United States, although in modified forms. We will attempt to analyze the causes of this.

For the Japanese firm, just as for any other private capitalist company, the improvement of quality is not a goal in itself, but merely a means of gaining a profit. Japanese companies, however, assign a much more prominent place to this in their economic strategy than U.S. industrial corporations. The main differences between them and the American firms are their long-range outlook and their plans to strengthen their position in the domestic marketplace and to increase the percentage of goods suitable for export by constantly improving quality. Many American firms concentrate on the maximization of immediate income. Here is the line of reasoning of Sony Chairman of the Board Akio Morita: "The problem of quality cannot be solved quickly. Managers sometimes need a long time to do this. They also need to feel secure in their position, so that they can use the most radical solutions without stress and without any worries about their own future.... Sometimes the resolution of the quality problem means that profits have to be given up temporarily. In Japan this is possible, but in, for example, America, it is not. Executives there strive for immediate profits."<sup>1</sup>

The implementation of long-range strategy is made easier by the slightly different structure of ownership of the stock capital of Japanese corporations: In a typical case, 70 percent of the stock in the Japanese corporation is held by credit and financial institutions, mainly banks, with an interest in long-range profits. This certainly does not preclude fierce competition, but it is

precisely the high quality of products that secures their survival. "Quality control is needed for the establishment of a company structure capable of withstanding a recession. Without any exaggeration, we could say that a company which does not make this effort does not have the right to exist"--this is how the executives of leading Japanese firms define their stand on the quality issue.<sup>2</sup>

In the opinion of American managers who have studied the Japanese experience, there is a different attitude toward the very concept of "quality" than in the United States. The president of one American company had this to say after he visited Japan: "Quality is a way of life in Japan."<sup>3</sup> Another specialist observed: "In Japan the word 'quality' has the same meaning as our word 'perfection.' It is all-encompassing and refers to the quality of the product, management, interpersonal relations, the results of company performance, the company itself from the standpoint of its status in society, and the working environment. For this reason, the purpose of the system of total control consists in including the concept of 'quality' or 'perfection' in the entire corporate structure and constantly striving for improvement."<sup>4</sup>

An analysis of objective data suggests that in Japan, more than in any other capitalist country, the efforts to improve and disseminate quality control methods are being conducted nationwide, and this helps to instill the population with the proper spirit. This work is headed by the Japan Union of Scientists and Engineers (JUSE), which conducts broad-scale organizational, propaganda, and educational activity and publishes four journals. Many conferences are held in the country, specialized literature has a wide circulation, and since 1959 there have been annual quality months and contests in which companies and individuals compete for the national prize for outstanding achievements in product improvement.<sup>5</sup> All of this work began in the first years after the war. When the Japanese corporations purchased the best foreign technology, they also adopted the latest Western, especially American, experience in management, with an emphasis on production organization for high labor productivity and product quality. One of the founders of the statistical method of quality control, E. Deming, now professor emeritus of the New York University School of Business, was invited to Japan on the initiative of the JUSE in 1950 and spoke to 45 members of the Industrial Club--executives in Japanese industry (the national prize in Japan was later named after him). His speech aroused so much interest that it was followed by a series of lectures for top-level executives. In 1954, J. Juran was invited to present lectures on quality control in Japan. The mass training in managerial methods and quality control procedures began from these first lectures and became a distinctive feature of the Japanese approach to quality assurance.

When we discuss the training process in Japan, we should take note of some features which are extremely important and which distinguish this process from training in the United States. In the first place, the training is of a mass nature. In all, it is undergone by hundreds of thousands of executives on all levels and millions of employees in various fields. In the second place, all company personnel are included in the training process: high-, middle-, and lower-level management, engineering and technical personnel, and rank-and-file employees and workers. In the United States the training is

undergone mainly by quality control experts, and they represent only 5 percent of the professional employees of a company. In the third place, the training process is structured from the top down--that is, it begins on the upper executive level, then extends to middle- and lower-level management and to engineering and technical personnel, and only then extends to workers and ordinary employees. Looking back over the history of this process, we can see that the mass training of workers began in 1962 in Japan, or 10 years after executives and engineering and technical personnel began to be trained. In the fourth place, the training programs are quite full but also strictly differentiated in terms of the volume and nature of knowledge about quality control needed by different categories of employees. For example, the training program for top-level management lasts 30.5 hours, but the training course for electrical engineers includes such subjects as the analysis of variants, the theory of reliability, methods of mathematical statistics, and experiment planning and it lasts 144 hours. And last (but not least), there is the active interest of the top executives of firms (presidents and vice presidents) in learning quality control methods, in sharp contrast to the attitude of American managers. In the United States quality control seminars and courses for top-level executives were not organized until 1978. Although scientists and specialists constantly underscored the need for this kind of training, the negative attitudes of executives made the broad-scale development of this work impossible. It is true, however, that the situation is changing today.

All of this gave rise to a paradoxical situation: Virtually all of the scientific methods used today in quality control in the capitalist countries were developed in the United States, but it was precisely there that there was a gap between theory and practice. In the United States these methods have been mastered by only a small group of professionals. In Japan, according to prominent quality control specialist K. Ishikawa, everyone--from the president to the ordinary worker--has mastered the seven elementary methods of statistical control which can reveal up to 95 percent of all the problems at some enterprises.<sup>6</sup> The methods on Ishikawa's list are the Pareto curves, cause-and-effect diagrams, bar charts, control charts, dispersion diagrams, control result tables, and the stratification method.

Each new theory or method was tested on the line in Japan and the useful ones were incorporated on a broad scale. By 1961, when Doctor A. Feigenbaum's book "Total Quality Control"<sup>7</sup> was published in the United States, Japanese managers were more receptive to his basic ideas. The mass training in Japan created the most highly qualified labor force in the world from the standpoint of the mastery and use of quality control methods. The gap in this area is so great that J. Juran has estimated that it will take the United States a decade to surmount it.

The traditional conscientiousness of the Japanese workers was supplemented with the latest knowledge and skills, which made the quality of their work even better. Without this, Japan's export-oriented industry could not have achieved its present successes in the world marketplace. The export orientation did much to improve the quality of the products of all Japanese enterprises.



The theory of total quality control is based on several fundamental premises. First of all, it postulates that quality cannot be assured only by means of inspections--that is, with the aid of technical control--but must be integral to the item, and from the initial stages of its design--that is, from the time when the consumer's demand for the future item is analyzed. Leading American specialists have stressed that only 15-20 percent of the problems connected with quality are caused directly by workers, while top-level management is responsible for the other 80-85 percent. The resolution of these problems necessitates purposeful and timely adjustments in the very system of management, and not emergency measures. The development of quality is a process extending to all of the production and economic operations of the enterprise, requiring the participation of virtually all functional subdivisions and all company personnel (it is this idea that is recorded in the name of the Japanese system).

Japanese managers are fully aware of the fundamental principles and implement them directly in practice, resulting in the more efficient functioning of the quality control system at Japanese enterprises. American specialists investigating the reasons for this have unanimously concluded that the top-level executives in Japanese firms assume long-term commitments with regard to product quality and real responsibility (rather than the simple declaration of responsibility in documents) for the supervision of the quality control system. This is reflected in the planning of quality-oriented policy and long-range strategy and in their direct participation in quality enhancement. The typical Japanese company has a quality improvement committee headed by one of its general managers, and the members of the committee are the heads of all functional departments. The quality control division serves as the committee's executive secretariat. "Presidential inspections" of the quality control system are conducted twice a year in Japanese firms. In the United States top-level executives contribute much less to the resolution of quality problems.

In Japan an effort is made to involve personnel in the development of quality, so that each employee will have a sense of responsibility for the quality of the results of his performance and will work with maximum efficiency. When a General Electric employee visited the Yokogawa Electric Works in Japan, he asked the executive in charge of supply: "How many people are responsible for quality?" The answer was 174 people. When he asked how many people worked in the supply division, he received the same answer--174.<sup>8</sup>

Tokyo University Professor H. Kume explains that quality control in Japan refers to the work of improving not only the product itself but also the results of the work of all members of the organization and the functioning of all its links.<sup>9</sup>

An explanation of why these fundamental principles of quality control theory were implemented in Japan would require an analysis of all related economic, organizational, and sociocultural factors, which would far transcend the bounds of this article, but the main point is that the system of quality control is only part of the overall system of management in a modern firm, and as such, it is influenced by it. The latter differs from U.S. systems

in several ways. The main difference is that the Japanese system focuses on human resources, or personnel. The style and methods of personnel management and the sociopsychological atmosphere in Japanese firms are different in some respects from those in the United States. These differences are the subject matter of an exceptional number of studies abroad.<sup>10</sup>

We will attempt an examination of the features distinguishing quality control systems in Japanese industrial firms from the systems in the United States.

As we know, the development of quality begins with the analysis of consumer demand. In search of their competitive "niche"--that is, their position in the marketplace--Japanese companies are more qualified than American firms to reorient the strategy of economic activity, focusing on the improvement of the quality indicators to which consumers in a specific sector of the market are most sensitive. Japan's success in the production of color television sets and passenger cars and the United States' difficulty in competing in these areas are far from the only examples of this. One of the main reasons for the protracted crisis from which the U.S. automobile industry is emerging with such great difficulty, was the energy crisis of the early 1970's, which led to the abrupt rise of the prices of oil and petroleum products. Energy conservation became the main quality indicator for many types of consumer goods--household appliances and transport vehicles, especially automobiles. The demand for the latter shifted abruptly in favor of compact economy models. The American automobile corporations, however, were unable to restructure their production in time. Another reason for the higher demand for Japanese models is their reliability.

There is a similar situation in the television market. American firms compete with one another for sets with a better picture and external appearance, sets of smaller size, and sets with more functional capabilities. There has been a succession of innovations such as remote control devices, automatic fine tuning, etc. Japanese firms, on the other hand, have made these improvements in their TV sets and have simultaneously enhanced their operational reliability. It is this quality indicator that has been the deciding factor from the standpoint of consumer preferences.

The market theory of "guaranteeing the correspondence of functional features and product quality to the price of the product" is given much higher priority in Japan than in the United States, and this is of great significance in the competitive potential of goods at a time of inflation. Experience has shown that the consumer is extremely sensitive to changes in the level of product quality. When he pays a higher price, he will not tolerate poor quality. Therefore, the competition for sales markets is focusing more on quality than on prices, and this requires thorough knowledge of changes in consumer demand. As K. Ishikawa noted in this connection, "correct management necessitates the knowledge of the precise quality indicators wanted by consumers and the relationship between important and secondary indicators. If you do not know this, you will receive complaints even if the item is of excellent design, has excellent technical features, and has passed strict production inspections."<sup>11</sup>

The development of new items in Japanese firms is distinguished by the intensive use of reliability analysis and forecasting (special attention is

paid to the reliability of all components) and the more thorough evaluation of the new design prior to the production process. Whereas American firms test one experimental model prior to the beginning of series production, Japanese companies conduct exhaustive tests of three or four models. The technical documentation of the new item receives the final approval of the sales executive after the experimental model has passed all tests and has proved that its features meet consumer requirements. The president of an American firm engaged in international technology transfers, A. Tucker, has observed that Japanese industry puts an emphasis on the initial stages of the development of quality and the establishment of a system of preventive measures--that is, defect-prevention measures. If the entire group of quality assurance measures is taken as 100 percent, then 75 percent of them are carried out during the stages of the search for the best designs, project planning, the development of models, the perfection of experimental models, and the adjustment of technology. The methods of "experiment planning" are used widely during these stages,<sup>12</sup> 20 percent of the measures are carried out during inspection processes, and the actual technical control of product quality accounts for only 5 percent.

When preparations for production are being planned, the organization of efficient technological processes is assigned priority in Japan. The guiding principle here is the belief that the enhancement of labor productivity or product quality must be preceded by the perfection of a stable and uninterrupted production process. The goal of Japanese executives is uninterrupted, defect-free production, requiring no emergency measures to prevent critical situations. All of the American businessmen who visit Japanese plants are impressed by the high stability of production and the performance of all functions in a precise rhythm, without interruptions and stress, with everything geared to the strict observance of production schedules. Capacity load plans are drawn up with a view to real capabilities, and production equipment is never overloaded. Professor R. Hayes from the Harvard School of Business, who visited Japan with 25 General Electric executives, remarked: "The secret of Japan's success is that production operates the way it should there.... I did not see any of the end-of-the-month panic or Friday afternoon crises there that are so characteristic of many American companies."<sup>13</sup>

Statistical methods are used extensively in Japan for the regulation of technological processes, and the very approach to the boundaries of control differs from the traditional approach in the United States. The guiding principle of regulation in U.S. firms is "the guaranteed achievement of the acceptable (statistically calculated) percentage of characteristics within acceptable limits." The acceptable percentage is calculated on the basis of triple-sigma bounds (for the law of normal distribution).<sup>14</sup> The regulation of technological processes in the typical Japanese company secures their maximum stability, minimizing the "variance" of characteristics and maximizing the number approaching the highest rating--that is, reducing and raising the curve of normal distribution. The limits of regulation (or control boundaries) are therefore much stricter.

The "loss function" is calculated according to a method developed by G. Taguchi and assesses the cost of correcting production defects beyond

acceptable limits and the cost of operational repairs. The stricter regulation of technological processes is paradoxically more economical. For example, the average expenditures connected with the adjustment of contrast (in the firm and in the consumer's home) in a color TV set produced by the Sony firm in Japan are only one-third as great as the same expenditures for a set manufactured in a Sony branch in the American city of San Diego, which is due to the stricter control of technological processes in the parent firm, even though there are no inspections of this operation in the parent firm.

Executives in any field of production have several objectives: high product quality, the required output, the observance of delivery dates, and the observance of financial and material expenditure limits. In essence, these are conflicting objectives. In principle, an emphasis on one can have a negative effect on the others. American executives assign priority to the fulfillment of quantitative plan indicators. Under these conditions, there has been a traditional assumption that "quality is the enemy of productivity and an obstacle to the completion of production plans." An emphasis on the complete lack of defects interrupts the rhythm of production and lowers labor productivity.

The goal orientation of the performance of American firms contrasts sharply to the Japanese approach. High quality, highly productive labor, and low overhead costs are not regarded by Japanese executives as alternative goals; rather, quality in manufacturing is regarded as the main factor enhancing production efficiency. On this basis, the quality of products and technological operations has priority over quantitative indicators of performance. "Quality above all!" is more than just a slogan inscribed on the walls of many Japanese firms. It is a principle of production organization. For example, the work positions on the assembly lines of Toyota automobile plants are equipped with stop buttons. Any worker can stop the conveyor if he has not had enough time to perform his operation. At this time the signal panel hanging in the shop lights up, identifying the site of the problem, and an automatic meter begins keeping time. According to K. Kusunoki, a Toyota executive in charge of production, if the conveyor stands still for an hour, this is bad, but if it is not stopped at all, this is even worse, because it means either that too much time is being allowed for operations or that not enough attention is being given to quality.<sup>15</sup> The acceptable standstill is 20 minutes. Workers on the line change places every 2 hours to relieve the monotony of the work. The special design of the line allows a worker at the beginning of the line to see the final product. This gives him a sense of the importance of his operation. Labor organized in this manner is of high quality: Up to 85 percent of the Toyotas come off the assembly line with no defects whatsoever. Assembly processes in television plants have a similar structure. Many processes are stopped automatically or with the aid of control devices when quality requirements are not met. The general principle of this system of production organization is that it is better to stop production until the causes of deviations from quality requirements are eliminated than to produce large lots of defective products. Downtime is not regarded as unproductive because it is used for the preventive maintenance of equipment.

Workers and lower-level management (foremen, brigade leaders, and section and shop chiefs) are trained to regard the performers of each subsequent production



operation as their consumers, and consumers must be treated well--this is one of the principles lying at the basis of the quality control system. This applies to the performance of all company employees. The result of this organization is a natural and direct connection between product quality and labor productivity. The reduction of defects, rejects, corrections (of all errors), and repeat inspections--in other words, the enhancement of manufacturing quality--is accompanied by higher labor productivity and, as a result, the fulfillment of quantitative plan indicators without hurting quality and with a substantial savings in resources. As Deming remarked in this connection, "it appears that no one but the Japanese can realize that by improving quality you are enhancing the productivity of labor."<sup>16</sup> Expenditures on quality assurance in Japanese firms are much lower than in U.S. firms.<sup>17</sup> In American industry they represent from 10 to 20 percent of the cost of products sold, but in Japanese automobile companies, for example, the figure is only 2.5-4 percent.<sup>18</sup>

The indicator used in the assessment of quality in the United States and Japan is the "acceptable level of quality"--that is, the acceptable percentage of defects in a specific number of products (usually 100). This is regarded as the norm, but the norm itself is much stricter in Japan and the quality requirements are therefore much higher. For example, in the case of items manufactured in very large quantities (electronic components), the U.S. standard sets the "acceptable level of quality" at from 500 to 50 defective units per million elements (depending on the stringency of control), but in Japan the indicator cannot exceed 10.<sup>19</sup> Besides this, in contrast to U.S. firms, Japanese firms typically set ever stricter quality requirements. If an analysis indicates that lowering the defect norm from 10 percent to 5 percent will produce a savings, American firms will strive for this. Any further drop in the norm--for instance, to 1 percent--is considered to be economically unjustified. When Japanese executives reach this norm, however, they make every effort to lower it to 0.1 percent, and then to 0.01 percent, and so forth. This is what the American specialists call the Japanese striving for "perfection."

For the elimination of defects in the United States, separate sections are established and additional inspectors, repairmen, and defect analysis experts are hired. The relations between production workers and inspectors are based on the idea of "them against us." Workers conceal potential problems, and the need to fulfill the production plan forces inspectors to close their eyes to minor defects. As far as Japanese executives are concerned, quality means defect-free operation. The initiator and zealous advocate of the "movement for defect-free production" in the United States, P. Crosby, former vice president in charge of quality in the ITT corporation, reports that the principle of "zero defects" has been the standard of quality in Japan for more than 15 years.

Any kind of trouble at any point in the production process is viewed as a "quality problem." Defective production is treated as a natural disaster. Defects are analyzed thoroughly. According to the apt description of one Japanese executive, each defect is treated as "something of value" because its causes are carefully analyzed and the resulting information is then used to prevent its recurrence in the future.



Japanese companies are distinguished by systematic efforts to improve quality. Hundreds of programs (or special projects) are carried out by firms each year. There is no question that these programs are also carried out by U.S. companies, but the difference is that all personnel are involved in the Japanese programs. Suggestions regarding improvements in various quality indicators, parameters of technological processes, and characteristics of equipment are submitted by workers in the most diverse subdivisions: design, technological, material and technical supply, operational services, etc. The personnel in these subdivisions have specialized knowledge about the guarantee of quality and the regulation of technological processes, and this is a result of their training.

In the United States this work is not performed on such a broad scale. Besides this, many campaigns for the improvement of quality are launched as special occasions and then die down. They are accompanied by extensive advertising, publicity, and dramatic slogans; they often produce good results, but this is followed by a loss of interest, after which they cease to exist and are succeeded by others (this was the case, in particular, with the "zero defects" program). There is good reason for this: The campaigns are usually organized with the aid of psychologists, who have good reason to believe that appeals cease to be effective when they have been used long enough to have a numbing effect on the minds of people. The Japanese are distinguished by a more consistent, persistent, methodical, patient, and daily approach to problems of quality assurance. As R. Hayes remarked, "there is no magic formula for success, there is only constant progress accomplished by a series of small steps and daily concern for the basic needs of production."<sup>20</sup>

Japanese industrial firms, just as American companies, have centralized quality control divisions, but with a much smaller staff. There are six people in this division at the steel plant in Hiroshima, with 2,600 employees. The reason is that the executives of line and functional services in Japan who have undergone special training perform much of the work that is traditionally assigned to quality control divisions in the United States. Each subdivision in the Japanese firm has an annual and long-range plan for operational quality (from 3 to 5 years), goals are set for each, and the criteria of performance evaluation are defined for each. The quality control division deals with problems of an interfunctional nature, arising in operations shared by various subdivisions. In Japan these divisions mainly verify the effectiveness of quality control systems and perform advisory functions. Activity in the sphere of quality is much less formalized than in the United States with the aid of procedures, methods, instructions, etc.

What are the current trends in the organization of technical quality control in U.S. and Japanese firms? This was once regarded as the most important function in securing the quality of the finished product. Inspections are still important today in, for instance, the military industry or the manufacture of complex equipment whose operation entails a risk to human life or safety. As far as mass produced items are concerned, the emphasis on the inspection of finished products as a guarantee of quality is already a completed phase, and the functions of the quality control division are changing.

Initial inspections have been cut sharply by the assignment of complete economic accountability to the supplier. There is the more intense certification of products (by clients and independent agencies) and of firms, which are rated according to their ability to guarantee the quality of their shipments. Certified products are not subject to initial inspections, but the supplier is still financially liable if defects are discovered during the production process or during operation. The supplier must pay all of the damages incurred by the client, and these are not confined to the price of the materials purchased, but also include "lost advantages." Suppliers who are unable to meet quality requirements are discredited.

The number of inspections is also reduced by the emphasis on daily control, which is playing an increasingly important role as its methods and means undergo changes. The comprehensive automation and mechanization of technological processes have put the automation of measurement, inspection, and testing operations on the agenda, and this has increased the percentage of funds set aside for this purpose (up to 35 percent of all annual expenditures on production equipment).

The staff of quality inspectors in Japanese firms is small and usually does not exceed 5 percent of the total number employed, and frequently represents only 1 percent, whereas the figure can rise as high as 15 percent in the United States. The main functions of Japanese controllers consist in securing the stability of production processes and conducting complex tests to assess the functional parameters of items. The function of rejecting defective items has been transferred to automatic equipment and production personnel, and they are now completely responsible for quality. Defects are corrected by the workers themselves. In the opinion of many American experts, the functions of workers are broader in general in Japan than in the United States. They must ensure the efficient operation of equipment, adjust it, and conduct preventive maintenance.

Workers are more highly skilled in Japan than in the United States, and this is due to the different training system. For example, Assistant Professor D. Garvin from the Harvard School of Business made note of the following differences in the training of manpower in American and Japanese companies producing air conditioners. In most of the Japanese companies the training of assembly line workers took around 6 months, even when they had received previous training in individual production operations. The training of American workers usually lasts from several hours to several days and they are trained to perform a single operation. It is not surprising that Japanese workers are better at finding defects arising in a previous operation and at suggesting the appropriate measures for their timely elimination. Assembly line workers in Japanese companies are retrained before a new model goes into production. Seminars and special training sessions are organized for the perfection of experimental models. Workers are informed of the production program during morning conferences or when equipment is readjusted half an hour before the beginning of production, and they are told which model will come next. American workers are given much less information about projected changes in production plans and schedules.

All of the American experts and businessmen who study the Japanese experience in quality control direct special attention to the famous "quality control circles," and the adoption of the Japanese experience usually starts with the creation of similar groups.<sup>21</sup> The attempt to enhance product quality just by forming these circles, however, is futile to some extent. This requires a group of purposeful measures and a comprehensive approach to quality control.

Forecasts drawn up for the United States by leading experts are not comforting. "No one can surpass Japan"<sup>22</sup>--this is E. Deming's prediction. When J. Juran addressed a conference of a European quality control organization in June 1985, he said: "My gloomy prediction is that we in the West will experience a crisis in product quality until the end of this century."<sup>23</sup> The quality gap is too great, in his opinion, and Japan is progressing so rapidly in the improvement of quality that its speed cannot even be compared to the speed of this progression in the United States. He advises the managers of American firms to arm themselves with the knowledge of quality control methods. S. Rubinstein, the renowned American consultant on operational quality, feels that the main danger is the common American failure to realize that Japan has entered a fundamentally new stage--the stage of the functioning of more progressive "integrated sociotechnical systems" aimed at enhancing product quality and labor productivity.

It would be wrong to absolutize the Japanese experience and to think that all Japanese firms work as well as those described above. Items of poor quality are also produced in Japan, especially for the domestic market. It would also be wrong to assume that all American firms perform badly. There are recognized leaders among them which manufacture goods of high quality, capable of competing in the domestic and the foreign market. Besides this, some of the approaches to quality control which have been described in this article and have been defined as the strong points of Japanese management can also be seen in large U.S. firms. After all, they were the pioneers in this field. Furthermore, the potential of American capital to adapt to the new conditions of competition should not be underestimated. The Japanese challenge with regard to product quality is being given the necessary attention in American industry. In view of the fact that the main goal of U.S. firms consists in regaining the positions they have lost in the competitive struggle, they can be expected to fight a fierce battle for their own interests on the global level.

#### FOOTNOTES

1. Quoted in NOVYY MIR, 1985, No 10, pp 203, 204.
2. "III Asia Pacific Congress on Quality Control Proceedings," Beijing, 1985, p 222.
3. QUALITY PROGRESS, November 1985, p 43.
4. CALIFORNIA MANAGEMENT REVIEW, Summer 1984, pp 50-51.

5. For more detail, see SSHA: EPI, 1986, No 5, pp 107-110--Ed.
6. K. Ishikawa, "What Is Total Quality Control? The Japanese Way," Englewood Cliffs (N.J.), 1985, pp 198, 199.
7. In 1986 the Economics publishing firm published the third edition of this book under the title "Product Quality Control."
8. QUALITY PROGRESS, November 1985, p 67.
9. H. Kume, "Company-Wide Quality Control in Japan's Industry," in "III Asia Pacific Congress," p 168.
10. For more about the Japanese system of management, see A.N. Kuritsyn, "Upravleniye v Yaponii. Organizatsiya i metody" [Management in Japan. Organization and Methods], Moscow, 1981; L.I. Yevenko, "The American and Japanese Styles of Management: An Experimental Comparison," SSHA: EPI, 1985, No 11, pp 26-39.
11. QUALITY PROGRESS, January 1984, p 18.
12. The study of the behavior (or state) of an object (or process) under controlled conditions, in which the experimenter makes deliberate changes in the factors affecting the object and observes the results.
13. HARVARD BUSINESS REVIEW, July-August 1981, pp 57, 60.
14. The triple-sigma bounds are called "statistical admissibility" and encompass 99.73 percent of all the values of the controlled quality characteristics in a normal distribution patterns, while defects represent only 0.27 percent. If this condition is observed, the process is considered to be in a state of statistical control.
15. AMERICAN MACHINIST, July 1977, pp 120-123.
16. QUALITY, February 1982, p 22.
17. According to a system of classification developed in the United States and used extensively in the capitalist countries, including Japan, expenditures on quality assurance fall into the following three categories: on technical control and testing; on preventive measures; losses from defects.
18. QUALITY PROGRESS, January 1986, p 24.
19. Ibid., November 1984, p 28.
20. HARVARD BUSINESS REVIEW, July-August 1981, p 65.
21. For more detail, see SSHA: EPI, 1983, No 3, pp 93-102.
22. QUALITY, August 1980, p 31.
23. Ibid., October 1985, p 7.

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## HISTORY OF U.S. CONTROL OVER MICRONESIA

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 87 (signed to press 9 Apr 87) pp 64-68

[Article by A.A. Solovyeva: "Micronesia: Freedom, American Style"]

[Text] At the end of 1986 a declaration was published in Washington to announce that "the agreement on the Trust Territory of the Pacific Islands had ceased to be in effect on 21 October 1986 for the Marshall Islands and on 3 November 1986 for the Federated States of Micronesia and the Commonwealth of the Northern Mariana Islands." The procedure which is coming to an end in Washington official circles is being portrayed here as the granting of independence to the people of Micronesia.

A TASS statement of 12 November 1986 had this to say about the purpose and significance of these events: "The United States has undertaken a new act of international authoritarianism. The annexation of Micronesia, a UN trust territory, is being accomplished before the eyes of the entire world."

In the opinion of U.S. Navy spokesmen, the islands of Micronesia are as important strategically as the Hawaiian Islands. Assessments of this kind lay at the basis of official Washington's desire to gain the rights of trusteeship over the Marianas, the Caroline Islands, and the Marshall Islands. In 1947 these efforts culminated in the temporary transfer of the UN Trust Territory of Micronesia to the United States as administering authority, so that the U.S. Government would promote the "political, economic, and social progress of the population of the trust territory, its progress in education, and its progressive development toward self-rule or independence" (Article 73 of the UN Charter).

What has the American side done to fulfill these obligations?

Nothing was done during the years of American trusteeship to help the islands gain economic independence or to create a good system of roads and an adequate water and electricity supply network. Virtually none of the funds extended through the program of assistance entered the economic sector. As a result, Micronesian import indicators increased several times over, and export indicators decreased; the planting area of coco palms and vegetable crops grew smaller; there was a sharp decline in the output of copra--the islands' main



agricultural product. The U.S. policy in the sphere of education, emphasizing social studies to the detriment of professional training, primarily necessary for the establishment of the prerequisites for Micronesia's independent development, also had pernicious effects.

Another aspect of the American trusteeship is also indicative. On 1 July 1946 the United States conducted the first peacetime experimental atomic explosion on the atoll of Bikini (Marshall Islands). Later some neighboring atolls were also turned into U.S. nuclear test sites. Around 70 atomic and hydrogen bombs were exploded on the islands before 1963. The signing of the 1963 treaty on the prohibition of nuclear tests in the atmosphere, in outer space, and under water did not stop U.S. military-industrial circles. By 1964 an agreement had been signed, giving Washington a 99-year lease to Kwajalein atoll for the mere pittance of 10 dollars an acre. The Pentagon used Kwajalein as a site for the tracking of ICBM's launched from Vandenberg Air Force Base (California) and for the testing of ABM systems. At the end of last year the Reagan Administration decided to build a new military complex on Kwajalein as part of the SDI program.

The militarization of the Pacific islands caused innumerable problems for their population. In particular, the inhabitants of Kwajalein atoll were moved to the neighboring island of Ebeye, the resources and territory of which were hardly sufficient to satisfy the needs of its native population. The contrast between the living conditions of the 3,000 American servicemen on Kwajalein and the 9,000 islanders on Ebeye was so great that it was an unpleasant shock even to Washington officials who arrived on the island.

These facts, which are far from a complete account of the results of the American trusteeship, confirm the United States' special interest in Micronesia, particularly because of the strategic position of these support points in the global and regional balance of power.

In the 1980's the Pacific islands became an even more important factor in the reinforcement of U.S. politico-military and economic positions as a result of several new developments.

First of all, there was a long-range tendency toward the transfer of the centers of U.S. socioeconomic and political development to the Pacific states. This tendency reflects the process by which the Pacific region rose to a prominent position in world economics and politics. The place and role of the Pacific territories in U.S. politico-military strategy were enhanced considerably. For example, the Reagan Administration has made the buildup of nuclear and conventional arms in the Pacific region a foreign policy priority with the aim of establishing a front here for strategic confrontation with the USSR and the socialist countries. An important part of the attainment of this objective will entail the use of unutilized potential for the extensive reinforcement of U.S. positions in the Pacific basin, especially on the islands.

In the second place, as far back as the early 1970's the islands of Micronesia were already regarded as one of the reserve positions in

President Nixon's strategy for the withdrawal of troops from Vietnam (and some other parts of continental Asia) with a simultaneous buildup of naval bases on the Pacific islands. In the middle of the 1980's they became even more important after the fall of the Marcos regime in the Philippines. Washington officials hoped to use the military installations on the islands of Micronesia, particularly on the Palau archipelago, which is closer to the Asian continent, as a potential alternative to the Philippine bases if the Pentagon should have to abandon them. The American naval and air force bases in the Philippines are the largest outside the United States. The threat of their loss is quite real: C. Aquino declared that she does not intend to tolerate them on her territory after the existing agreement expires--that is, after 1991. Besides this, the new constitution of the republic expresses the desire of the Philippines for nuclear-free status.

Micronesia also became more important to the Pentagon in connection with the strong antinuclear tendencies in the South Pacific: The Rarotonga Treaty's stipulation of the nuclear-free status of states in the South Pacific, the antinuclear stance of New Zealand, and the resulting inaction of the ANZUS bloc.<sup>1</sup> The growing movement for a ban on nuclear weapons in the Pacific basin could seriously jeopardize American plans for the deployment of new generations of nuclear weapons in this region.

In the third place, the establishment of special economic zones in 1977 and the control of fishing and maritime resource exploitation in these zones seriously affected the interests of American fishing companies and some extractive industries. Under these conditions, the possession of the islands of Micronesia (more than 2,000 islands covering a total area of 8,000 square kilometers) could be of great importance in the future development of the U.S. economy.

The effects of these factors motivated Washington to maintain and reinforce the semicolonial status of the islands until the expiration of the American trusteeship. This gave U.S. ruling circles opportunities for the unlimited use of the territory of Micronesia for the needs of American politico-military agencies and industry without requiring any substantial expenditures on the economic and social needs of the population of the islands, which would have been necessary in the event of annexation.

To carry out this plan, the White House took several unlawful actions after the middle of the 1970's, such as the division of the territory of Micronesia into four different states, which was contrary to the UN Charter and the 1960 declaration on the granting of independence to colonial countries and peoples. For example, point 6 of the declaration says: "Any policy intended to partially or completely destroy the national unity and territorial integrity of a country is inconsistent with the goals and principles of the UN Charter."

Washington then went on to sign agreements with each of the parts of Micronesia, defining their status and their future interrelations. In 1976 an agreement was imposed on the Marianas to give them the status of a territory "freely associated" with the United States (the same status as Puerto Rico) and officially secured almost total colonial dependence. It was by the

terms of this agreement that Washington gained the right to use part of the territory of these islands for military purposes for 100 years. In 1983 the Reagan Administration was able to gain the approval of agreements on "free association" with the United States by a majority vote (58, 79, and 62 percent respectively) from the Marshall Islands and the Federated States of Micronesia, including the Central and East Carolines (the islands of Yap, Truk, Ponape, and Kosrae), and then from the Republic of Belau (Palau archipelago).

In essence, the agreements on "free association" say that in exchange for 3 billion dollars in various kinds of assistance from the United States, it will have "full authority and full responsibility for the security and defense of the islands." Obviously, this will permit the establishment of military bases on the islands and will prohibit access to them by third countries. But the U.S. interference in the affairs of the islands is not confined to military matters. The right to pursue their own foreign policy line and to freely administer the funds received is made conditional upon preliminary consultations with Washington in the agreements. All of this actually signifies absolute dependence on the United States and puts even the semblance of independence granted to the islands in question.

The agreements will be in effect for 15 years (50 years for Palau), at the end of which the United States will lose the rights it has been granted. The very wording of the agreements, however, effectively envisages their renewal, because these agreements are intended to secure the possibility of the further enslavement of strategically important territories and, therefore, the achievement of real political and economic independence by the islands within the framework of these documents will be impossible.

American ruling circles passed a number of internal laws to make certain that the agreements on "free association" with the United States would go into effect. The status of the Commonwealth of the Northern Marianas is defined in executive order 94-241. The agreement on the Federated States of Micronesia and the Marshall Islands was approved by a joint resolution of both houses of Congress (187) on 13 December 1985 and was signed by the President on 14 January 1986 (executive order 99-239). On 10 January 1986 the agreement with Palau was signed.

There are some striking matters of fundamental importance in this chain of events.

For example, according to Article 83 of the UN Charter, any change in the status of the strategic trust territory (Micronesia) should be made only by a decision of the Security Council and consequently cannot be made by the legislative branch of the U.S. Government. This is a logical and understandable requirement: The determination of the future status of Micronesia is a matter which will ultimately affect global issues: the preservation of peace and the guarantee of the safe development of all the states of the world community. Its determination by means of an agreement between two sides (even in a case of voluntary and complete agreement) is a violation of the standards of international law.

Furthermore, the very content of the agreements (particularly the presence of military bases in Micronesia) is contrary to the declaration on the granting of independence to colonial countries and peoples.

The situation on Palau (Republic of Belau) is different. The traditional tribal chief of Palau went to court to protest the agreement signed by local authorities because the constitution of the country prohibits the presence of nuclear weapons on the islands. In July 1986 the Supreme Court of Palau denied the validity of the agreement because numerous plebiscites (there had been six by December 1986) failed to produce the 75 percent of the votes needed to repeal the ban on nuclear weapons. This situation reflects the feelings of the natives of the islands, who object to the transformation of Micronesia into the "paradise" promised by the American administration, because an example of this "paradise"--a paradise for the Pentagon--can already be seen on Kwajalein and Ebeye. But the islanders are powerless against the Pentagon's strong pressure. As Chairman I. Rudimch of the Belau Senate declared, the signing of the agreement with the United States is a necessary evil to which there is no alternative.

The United States has an interest in unlimited dominion on the islands and it has therefore refused to acknowledge the competence of the special UN committee on decolonization in the determination of the future of the trust territories. The American side has also ignored the need to discuss the matter in the Security Council (which was shown above to be a violation of Article 83 of the UN Charter).

The principled position of the USSR, expressed in the TASS statements of 14 February 1986 and 12 November 1986, rejects agreement on American terms. Bypassing the Security Council and relying on the support of England and France, the United States was able at the 53d session of the UN Trusteeship Council in May 1986 to secure the approval, by a vote of 3 to 1 (USSR), of a draft resolution on the termination of the trusteeship agreement and the enactment of "free association" and "commonwealth" pacts on a date agreed upon by the participating sides.

After ensuring the passage of the resolution in the Trusteeship Council and conducting final consultations with representatives of the island territories, the Reagan Administration took actions which clearly demonstrated Washington's real intentions: Congress was advised to pass a bill on the agreement with Palau in spite of the objections of the trust territory; on 16 October 1986 R. Reagan signed an executive order defining the procedure for the administration of the Pacific islands (it envisages the creation of interdepartmental groups to oversee the fulfillment of the agreements by the islands and submit recommendations to the President. The order stipulates that the "appropriate sanctions" will be imposed if cases of deviations from the agreements by island authorities should be discovered).

In this way, by establishing complete economic and political dependence on the United States in Micronesia during the years of trusteeship, Washington acquired strong leverage to influence all subsequent relations with the

islands and it now intends to perpetuate its control of the islands in one form or another.

#### FOOTNOTES

1. V.F. Davydov, "The Rarotonga Treaty and Washington," SSHA: EPI, 1987, No 1.

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# COMMENTARY ON MELMAN BOOK ON ARMS RACE ALTERNATIVE

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 87 (signed to press 9 Apr 87) pp 89-90

[Afterword by V.P. Konobeyev to digest of book "An Economic Alternative to the Arms Race: Conversion from Military to Civilian Economy" by Seymour Melman, SANE Education Fund, 18 November 1986; passages rendered in all capital letters are printed in boldface in source]

The danger the arms race poses to the very existence of the human race is now being realized by increasingly broad strata of the world public. But whereas the threat of nuclear war is a concern about the future, the pernicious effects of large-scale military preparations on the economies of many countries are already being felt in the present and are increasing with each year. This fact, unfortunately, is not apparent to everyone, because its realization is connected with the analysis of many stratagems of the military economy. Furthermore, in the capitalist countries, especially the United States, militarist groups are stubbornly upholding the myth of the alleged beneficial effects of military spending on the economy with the aid of the news media they control. They allege that it creates additional jobs and increases the demand for many goods and services.

In reality, however, the expenditure of huge quantities of resources on the augmentation of the military machine impedes economic development, scientific and technical progress, and the resolution of national and global socioeconomic problems and is a heavy burden for the laboring public. The same amount produces a much greater impact when it is invested in the civilian economy instead of the military economy.

Under these conditions, the study of the economic aspects of the arms race and disarmament seems extremely important because it gives statesmen and the broadest segments of the population a better understanding of the pernicious socioeconomic effects of the incessant buildup of the military machine, the need to reverse the arms race, and the beneficial effects of the conversion of the military economy.

A special address to the U.S. Congress by Columbia University Professor Seymour Melman, who is well known in the international scientific community as the author of many studies of the military economy, represents a

substantial contribution to the study of this extremely important matter. Melman is one of the regrettably small group of American economists who have not only calculated what the military-industrial complex is costing their country but are also seeking realistic ways of dismantling it. Melman's proposal regarding the need for a federal law obligating all Pentagon contractors to draw up conversion plans is of fundamental significance. In countries where military production is almost completely in the hands of private corporations, this kind of law is essential. Without it, military contractors will make vigorous attempts to prevent arms reduction and halt the preparations for conversion until its profitability or at least its loss-free nature has been guaranteed.

In his attempts to substantiate his idea, however, Melman uses some arguments that seem debatable or even dubious. For example, he asserts that due to the absence of a plan for the conversion of the military economy, "there has been no development, negotiation, or accomplishment of disarmament in the last quarter of a century." This is historically false: Negotiations were conducted and arms reduction proposals were advanced. But the main thing is that the continuation of the arms race is not due to the absence of conversion plans; on the contrary, these plans have not been drawn up because there has been no real prospect of agreement on the reduction of arms and military production in the near future.

The thesis that the planning of conversion is certain to erode support for the Pentagon budget and the arms race is also dubious. The U.S. administration's current policy and Pentagon programs do not depend on the support of workers in military plants (they represent less than 3 percent of the national labor force), but the "iron triangle"--the military-industrial complex.

Melman believes that conversion should be planned FAR IN ADVANCE of its projected accomplishment and that the planning cannot be put off until the time "when the problem arises." But why does he consider only these two extremes? It would be wiser to speak of TIMELY planning, when there is a real prospect of negotiating the substantial reduction of military production. Then the choice of civilian goods for manufacture after conversion would be more valid. Otherwise--that is, if plans are drawn up too early, without this kind of agreement--new plans will be needed every 3 or 4 years and a new decision will have to be made each time on the central issue--the choice of alternative products.

Criticizing the opponents of conversion plans, the author asserts that the planning of conversion is allegedly regarded as a "costly and unnecessary" undertaking in USSR Gosplan. This is clearly a case of a mutual misunderstanding. The Gosplan personnel with whom S. Melman spoke were apparently referring to planning today, when no one has any idea of the possible dates of this kind of reduction, even if only between the USSR and the United States. People in the USSR are aware of the need for the timely planning of conversion.

The question of the level of planning, to which S. Melman attaches so much significance, will apparently be decided in accordance with conditions and

circumstances in each country. In the USSR it could begin at the level of Gosplan, which is capable of making sounder decisions on the goods needed by the national economy. The planning of specific measures, on the other hand, could be relegated directly to industrial enterprises.

Professor Melman's concern for the future of individuals who will have to leave military enterprises and seek new jobs during the conversion process is quite understandable, but the following facts warrant consideration. In the first place, some of them can work at the same enterprises virtually without any retraining if there are no serious changes in the nature of technological processes after the conversion (the primary processing of materials and the manufacture of parts and components). In the second place, the reduction of military production will probably be accomplished gradually over a period of several years. For this reason, the annual number of people requiring substantial retraining and job placement services will be relatively low.

As for the administrative personnel of military firms, who have grown accustomed, according to Melman's accurate description, to maximizing profits by maximizing overhead, they are unlikely to form an "association of spoiled administrators." Many will join the staffs of civilian enterprises and establishments, and this will help them get over their "old afflictions."

Finally, I would like to say something about the difficulties of technological restructuring. They seem obviously exaggerated in Melman's account. In all of the industrially developed countries there is a continuous and sometimes quite rapid process involving the modernization of production equipment as well as substantial restructuring and the mastery of the production of new commodities. And the corporations finance all of this themselves. All of this could be financed during the initial stages of conversion by military budget cuts. Most forging and pressing, casting, and metalworking equipment is universal enough to be used at military and civilian enterprises.

Therefore, when the quantitative parameters of this problem, as well as others whose complexity is accurately pointed out by Professor S. Melman, are calculated, the problems do not appear great enough to put the possibility of their successful resolution in question. The difficulties of the initial period of conversion are completely surmountable, and all of the industrially developed countries are capable of finding the resources needed for this. The main thing is to stop the senseless race to the nuclear abyss and the petrification of the resources that are so essential for the provision of people with vital necessities.

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## U.S. POLICY ON OCEAN MINING OF POLYMETAL SULFIDES

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 87 (signed to press 9 Apr 87) pp 91-99

[Article by V.R. Gyulmisarov and V.D. Pisarev: "World Ocean Resources and U.S. Policy"]

[Text] The discovery of a new form of hydrothermal mineralization--polymetal sulfides (PMS) on the world ocean floor marked the beginning of a logical phase in the development of the technological revolution and world geology. The latest technology and methods of drilling the ocean floor, hydroacoustic equipment, modern navigation systems, and deep-sea instruments were used for the acquisition of the facts needed for an understanding of the process by which sulfides are formed and of their distribution patterns. It was learned that these sulfides are formed by the shifting of the lithosphere and are concentrated along midocean ridges. They include sulfides of zinc, copper, iron, silver, and several other valuable metals.

Scientists are interested in polymetal sulfides because they are the product of ore-formation processes not separated from us by billions of years, but going on today and accessible for study. The study of these provides an opportunity to view the processes determining the chemical composition of ocean water from a new vantage point. The biological communities, representing integral and self-contained ecosystems, discovered around geothermal outlets are also of great scientific interest. All of this gives scientists reason to regard the discovery of the PMS as one of the most important events in oceanography in recent years.

Deposits of metal sulfides are renewable, and for this reason they could acquire industrial and economic significance in time. This will only become a realistic prospect after the sulfide ore formations of the extended regions of underwater ridges have been surveyed and studied,<sup>1</sup> after their resource potential has been evaluated, and after the technical means of extraction have been developed.

Today any assessment of the content of even surveyed zones can only be approximate, and the problem of developing the means and methods of recovering the sulfides has still not progressed beyond the discussion stage. The discovery of metal sulfides was not a surprise to scientists and specialists.<sup>2</sup> In the West, and especially in the United States, however, the discovery of

the hydrothermal resources was portrayed as sensational news, and all of the agitation over this event was timed to coincide with the end of the third UN conference on the law of the sea in 1982 and the adoption of its final document--the UN convention on the law of the sea, which the United States, as we know, refused to sign.<sup>3</sup>

In the very first reports of the discovery, American political scientists spoke of the ore formations as extremely promising sources of minerals and as a real alternative to the ferromanganese concretions in the international region of the ocean floor. Furthermore, then administrator of the National Oceanic and Atmospheric Administration (NOAA) J. Byrne called the PMS program the main priority in U.S. efforts to exploit ocean resources. The presence of some of these formations in the sphere of American jurisdiction<sup>4</sup> began to be regarded as an argument in favor of the view that the United States had no need to take part in the system of international regulation of ocean floor activity stipulated in the 1982 UN convention on the law of the sea.

In view of the common features of the excitement over the PMS and the similar situation (engendered largely by U.S. policy) with regard to the ferromanganese concretions in the second half of the 1960's, which led to the organization of the 3d UN Conference on the Law of the Sea in 1973, a detailed analysis of the prospects for the industrial mining of sulfide ores and the distinctive features of the American approach to PMS exploitation seems warranted.

#### The Formation and Distribution of PMS

The theoretical basis in the search for zones of sulfide mineralization was the theory of the spreading of the crustal plate in the regions of midocean ridges. Sea water seeps through the fissures formed in the oceanic crust during the spreading and reaches the extremely hot rocks located at a depth of several kilometers. The molten magma heats the water to 300° C. In the presence of sulfur, the heated water is oxidized, and the resulting sulfuric acid dissolves various minerals in the crustal plate. The hot and super-saturated chemical solution is forced onto the surface of the ocean floor in the form of geysers and comes into contact with cold water. The molten metals are then deposited in the form of sulfides, and the suspended iron sulfide particles form the "black smoke" in the crater of the spring. The deposits around the hot springs form craters several meters high and resembling smoke stacks. In some places they are so close together that they form a solid concretion.<sup>5</sup>

It has been established that the typical hill (or pipe) on the Pacific Ocean floor contains 31 percent zinc, 19 percent iron, 1 percent copper, 165 grams of silver per ton of ore, and traces of gold. The metal reserves in a typical ore pipe have been estimated at several thousand tons, but this is far from enough to make their industrial extraction promising.

The scales of this process can be judged from the fact that the total discharge of all the hot springs is around 6,000 cubic meters per second, or an amount equivalent to all of the water in the world ocean over 8 million years. This means that each particle of ocean water has gone through the



hot springs up to 500 times since the world came into being. Consequently, the PMS discovered to date could, in the opinion of experts, represent only part of a huge massif covered by sedimentary rock and inaccessible by existing means and methods.

The hot springs, located mainly at depths of 2 or 3 kilometers, are present where the crustal plate spreads more than 6 centimeters a year. According to the estimates of American geophysicists, this rate of spreading is characteristic of an area covering around 60 percent of the midocean ridges.

The most active spreading zone in the world is the East Pacific Rise, which is around 8,000 kilometers long and is located south of the Gulf of California. This is where hot springs and sulfide polymetal formations were first discovered. Crustal plate dynamics began to be studied in this region (the Galapagos Fracture Zone) in 1972 by scientists from the Scripps Institution of Oceanography. They were later joined by scientists from the University of Oregon, the Woods Hole Oceanographic Institute, and the Massachusetts Institute of Technology. Hot springs were discovered during the joint studies 320 km northeast of the Galapagos Islands in February 1977. A large field of almost extinguished hot springs was discovered near this region soon afterward, and the ore here contained copper, iron, zinc, cobalt, and platinum elements. The springs were at a depth of 3 km, and their visual observation was conducted from the "Alvin" underwater manned vehicle (UMV).

In 1978 a joint American-French expedition discovered an ore body of sulfides 40 meters thick near the Galapagos ridge, covering an area of 200,000 square meters and located at a depth of 2,600 meters. It is indicative that the press did not report the discovery until 1981.

In 1979 an expedition of scientists from the United States, France, and Mexico discovered a hydrothermal field near the Mexican coastline south of Baja California (between the Rivera and Tamallo fracture zones). The French UMV "Siana" was used in the studies. An analysis indicated a prevalence of zinc (29 percent) and copper (6 percent), as well as cadmium, silver, gold, and platinum.

#### PMS Exploitation Program

The shortage of information about the physico-chemical and geological properties of PMS, their bedding, their distribution, and their potential makes it impossible to view these formations as resources yet or to consider their industrial exploitation and prospecting. The intense study of PMS is associated in the United States with the possibility of exerting pressure on the world community for the revision of the decisions reached at the 3d UN Conference on the Law of the Sea with regard to the use of the deep seabed.

In 1981 a tentative research program was drawn up in the United States for the study of three underwater regions--the Galapagos, Gorda and Juan de Fuca ridges--as well as part of the mid-Atlantic ridge.<sup>6</sup> Within a year, however, the program had been revised, and the Gorda and Juan de Fuca ridges, within the 200-mile zone off the west coast of the United States, were chosen as the

main object of research. This was primarily a result of the frustration of the American plans during the concluding stage of the UN conference's work and the desire to expand possibilities for political manipulation with the aid of the resource potential within the sphere of U.S. jurisdiction. The change did not mean, however, that the United States would not be studying and evaluating the potential of PMS in all areas of the world ocean, which is its long-range goal.

The National Advisory Committee on Oceans and Atmosphere linked the PMS study program, the evaluation of their resource potential, and the development of mining technology with the acquisition of precise information about the strategic and economic value of these deposits to the United States.<sup>7</sup>

In 1982 the NOAA drew up a 5-year program (1983-88) for the study and evaluation of the potential and prospects of PMS exploitation.<sup>8</sup>

The program envisaged four main areas of work: first, the acquisition of highly effective technical means for marine studies; second, the collection of geological data in regions of underwater ridges for the study of PMS formation processes and the evaluation of their resource potential; third, the study of all of the ecological parameters in regions of geothermal activity for the assessment of the possible effects of PMS extraction; fourth, the assessment of the economic potential and legal conditions of the industrial exploitation of PMS. In 1983 the Department of the Interior published a draft environmental impact report describing the region to be leased, the activity to be conducted there, and the economic, ecological, and social implications to be considered prior to the issuance of licenses.<sup>9</sup>

The main federal agencies participating in the program included the NOAA (Department of Commerce), the National Science Foundation, the Office of Minerals Policy Development, the Geological Survey, and the Bureau of Mines (Department of the Interior).

American experts stressed the importance of participation in the program by industrial companies and universities as well as federal agencies, with all of the work to be coordinated by the federal government. Periodic conferences, seminars, and technical meetings were also envisaged for the exchange of information and for reports on the program and its modification.

In 1982 and 1983 the respective sums of 550,000 and 800,000 dollars were allocated for the NOAA program. In 1984 and 1985, when financial restrictions were more pronounced (the Reagan Administration made repeated cuts in allocations for research in this area during these years, calling it premature), the geological and geophysical studies of the PMS were continued under the auspices of the Department of the Interior within the framework of the 10-year national program for the study of the United States' 200-mile special economic zone.<sup>10</sup>

#### Technical Means of Studying PMS

In the United States the PMS are being studied with the aid of research vessels (with the scales of the studies ranging from kilometers to hundreds

of meters), echo sounding equipment (from hundreds of meters to meters), and underwater vehicles (from meters to centimeters).

The research vessels are used in ocean floor studies based on oceanographic and geophysical data of the region, and more detailed topographic studies are conducted with the aid of modern and highly accurate sonar detection systems. For example, the use of the multibeam "Seabeam" system in combination with a computer reproduces the topographical map under the vessel in real machine time, including detailed surveys of the ridges with an accuracy rate of 5-10 meters. The "Seabeam," built by General Instruments for the U.S. Navy, was turned over to civilian agencies in 1978. In addition, American geophysicists make extensive use of the "Gloria" towed sonar mapping system developed in England for quick and high-quality surveys of an ocean floor section 60 km in width and for the computer-aided reproduction of photographic images. In 1984 this system was used in studies of the economic zone of the west coast of the United States on the English vessel "Farnella." Around 250,000 square miles of the surface of the ocean floor were surveyed. The preparation of a topographical atlas of the 200-mile zone off the west coast was completed on the basis of these findings in 1986.<sup>11</sup>

Another system used in PMS studies is the "Seamark" system developed by International Submarine Technology Limited for the search for the submerged wreckage of the passenger liner "Titanic." Instruments encased in a submersible shell are towed at 100-400 meters from the ocean floor. The "Seamark" emits two almost horizontal sonic beams of 27-30 kilohertz, mapping a section of ocean floor of around 5 km in width (from this standpoint it is midway between the "Seabeam" and "Gloria" systems). The combined use of the survey data of all three systems produced a multidimensional map of the structure of spreading centers and of the ocean floor with its underwater ridges.

Towed submersible vehicles are also used in American studies and are equipped with such hydroacoustical devices as side-angle and wide-angle sonar and profilographs, intended for the mapping of widespread areas, and deep-sea cameras and television cameras.

The comprehensive use of unmanned and manned underwater vehicles has contributed much to the detection and survey of PMS deposits; in particular, they have been used for the visual observation of hydrothermal processes of ore formation and for assays. It should be borne in mind, however, that the successful use of these vehicles for geological purposes was made possibly only by extremely lengthy and complex studies of test sites with the aid of a broad range of technical means (both shipborne and submersible). The vehicles used extensively in studies of recent years are the "Alvin" (submersion depth of 4 km), "Deep Quest" (2.4 km), "Sea Cliff" (4 km), and "Siana" (3 km). In the Atlantic Ocean American scientists are using a nuclear-powered submarine of the U.S. Navy for PMS studies. Manned underwater vehicles are equipped with wide-angle radars for visual observations of an area of up to 20 meters in width, photographic and televised images, and sampling with the aid of special manipulators.<sup>12</sup>

The "Alvin" was submerged near the Gorda, Juan de Fuca, and Endeavor ridges. The studies were conducted more than 400 km off shore and at depths of up to

3.2 km. Regions with large sulfide belts (pipes up to 12 meters high) containing zinc and manganese were discovered at this time.

Highly accurate satellite navigation systems and local seabed navigation networks are the most important element of the equipment used in detailed surveys of the ocean floor. The latter consist of acoustical responder beacons located along the ocean floor (at intervals of 90-100 meters) and serving as reference points to determine the coordinates of UMV's and record photography and sampling sites. The coordinates of the responder beacons are determined from a surface vessel by multiple measurements of the distances between them and the ship with the aid of acoustical devices and the simultaneous determination of the vessel's location with the aid of satellites and other navigation systems. The Navstar global system which will begin operating at the end of the 1980's and will determine the location of observation sites in the ocean with an accuracy of no less than 50 meters, is expected to improve the navigational assurance of this work considerably.

The development of the means and methods of industrial PMS mining is already being discussed in the United States. It has been underscored that the physico-chemical properties and bedding conditions of the PMS will require fundamentally new mining technology. The systems developed for the mining of deep-sea concretions (suction dredging systems) will be of only partial use in this case. Shearing and hydraulic lifting equipment seems more promising. In addition, the auxiliary equipment developed for seabed operations might also be used in PMS prospecting and mining. In particular, it includes control and command systems, large electrical and hydraulic mechanisms, cables, and transformers. Some experts feel that it will take at least 10 years to develop a mining system. They foresee difficulties in the design and development of deep-sea mining equipment capable of operating under the complex geological conditions of the underwater ridges. In the opinion of some American experts, this could be the critical element of the entire program of marine sulfide exploitation.

#### The Detection of PMS Deposits and the Evaluation of Their Potential

Experts feel that the PMS deposit in the Galapagos Fracture Zone is the most promising of all known deposits. According to preliminary data, ore reserves total 25 million tons, surpassing the largest deposits on land.<sup>13</sup> The Galapagos deposit, with the value of its ore estimated at 2 billion dollars, is located in the Ecuador shelf zone and is not a priority deposit in the American program. Discoveries off the west coast of the United States are of much more modest dimensions. In 1982 specialists from the NOAA conducted an expedition in the Gorda and Juan de Fuca regions on the research vessel "Surveyor," equipped with the "Seabeam" system and the "Alvin" UMV, as part of the 5-year NOAA program. Later studies in these regions were conducted by scientists from Washington State University and specialists from the U.S. Geological Survey, who discovered hot springs and sulfide deposits in the southern half of Juan de Fuca ridge (250 miles off the coast of Oregon). Samples from this deposit contain up to 60 percent zinc and a negligible quantity of silver. The deposit has been estimated at 250,000-1 million tons.

The first studies of Gorda Ridge gave scientists reason to doubt the existence of hydrothermal activity in this region. In 1985, however, the Department of the Interior reported that PMS deposits had been discovered here. Fist-sized sulfide samples were obtained at a depth of 3.4 km in a region 275 miles off the coast of California.<sup>14</sup>

Therefore, the known PMS bedding zones within the sphere of U.S. jurisdiction are quite small and do not corroborate the obviously exaggerated estimates of the American experts who have called the PMS an alternative to the ferro-manganese concretions. Although not one PMS deposit with commercial potential has been found within U.S. jurisdiction to date, preparations to auction off underwater sections for PMS prospecting were announced in 1982 and 1983. It is indicative that the need for the auctions is substantiated less by data on the existence of promising sections than by the supposed advantages of exploiting the PMS instead of the concretions. The main advantages are: first, the composition of the PMS, in which the content of some metals is much higher than in the concretions, and which contain some metals not present in the concretions; second, the possibility of using existing recovery methods and existing plants; third, the bedding conditions of the deposits (in particular, they are located at almost half the depth) and their proximity to shore, facilitating mining and transport; fourth, the high concentration of ores, sharply reducing the area of prospecting and allowing for a transition from extensive mining methods covering huge areas of the ocean floor to the intensive exploitation of small localized sections.<sup>15</sup>

In 1984 the American press reported that 10 sections of the Gorda Ridge would be auctioned off to companies wishing to explore the possibilities of PMS mining. The response of the monopolies to this proposal, however, was quite cautious. At a symposium in Washington on the study of the U.S. economic zone (October 1985), an Ocean Management Association spokesman said that the consortium would not submit bids until viable international regulations had been established.<sup>16</sup>

This signifies that the monopolies do not intend to confine the PMS mining area to regions of national jurisdiction, and that they associate the prospects for PMS mining primarily with operations within an international framework. In view of the U.S. refusal to sign the UN Convention on the Law of the Sea, these operations, in the opinion of American experts, could entail considerable risk.

There is a great deal of uncertainty with regard to the economic prospects of PMS mining. The insufficient study of the sulfide formations and the fact that geological and geophysical data and chemical analyses apply to only a few samples make it impossible to view the discovered ore bodies as mineral resources. Most of the deposits studied to date represent diffuse areas of heightened PMS concentration, which are individually too small for commercial mining (hundreds or thousands of tons each). The use of the molten solution is also economically unjustified at the present level of scientific and technical development.



## Political Aspects of U.S. Approach to PMS Exploitation

Political considerations are now the deciding factor in the overall American approach to the study and commercial mining of the PMS. All of the excitement the United States stirred up over the discoveries was intended to use the scientific, technical, and economic uncertainty with regard to PMS exploitation to convince the world community, especially the developing countries, of the alleged political and legal vagueness and indistinct prospects of the functioning of the UN Convention on the Law of the Sea, particularly part XI, regulating the exploitation of marine resources in the international region of the ocean floor.<sup>17</sup>

The aim of American policy is to force the revision of the decisions made at the 3d UN Conference on the Law of the Sea and to portray a separate agreement by Western powers on the exploitation of the concretions as the only possible framework for the regulation of activity in the international region.

In particular, American experts assert that the use of the PMS could be a realistic alternative to the exploitation of ferromanganese concretions. They stress the fact that most of the PMS are located within the bounds of national jurisdiction, and their exploitation by U.S. corporations will therefore be regulated only by American laws. This is expected to remove the problem of U.S. participation in the convention framework from the agenda. Without the participation of American corporations, the framework stipulated in part XI of the UN convention allegedly will not provide the developing countries with the economic advantages they expect from the new convention. The realization of this possibility is supposed to convince the developing countries that the concessions they made in order to reach a compromise at the UN conference were useless, and to urge the "Group of 77" to renounce the convention (or certain parts of it).

There is no question that these theses are groundless and tendentious. The PMS could only be called an alternative if the composition and possibilities of the commercial mining of the sulfides and the concretions coincided. Even the most optimistic estimates testify, however, that the commercial mining of the PMS could not begin before the end of the 1990's. Besides this, the PMS would be the initial raw material for the derivation of copper and zinc and would not satisfy the U.S. demand for the manganese, nickel, and cobalt that are present in the concretions. The fact that the United States now has to import these metals suggests that the exploitation of the concretions by American industry will develop in time, regardless of the prospects for the use of the PMS. It is indicative that the discussion of the possibilities of PMS exploitation in American publications of recent years has been accompanied by reports of the discovery of cobaltiferous crusts, containing cobalt, nickel, and manganese, on the slopes of underwater mountains in the Pacific Ocean (the Hawaiian Islands, East Samoa, Guam, and other territories). Furthermore, the fact that these ore formations are located within the sphere of U.S. jurisdiction is being underscored. According to published estimates, the exploitation of deposits from a single foothill region of 300 square kilometers could yield several million tons of ore.

The thesis based on the assumption that most of the PMS are within U.S. jurisdiction is also false. Studies have not confirmed the presence of commercial PMS deposits along the American coastline. Furthermore, in a statement by President Reagan (in 1982), the prospect of PMS exploitation was linked with the functioning of the international framework,<sup>18</sup> which has aroused U.S. objections primarily with regard to marine minerals.

The last thesis, based on the assumption that only American companies are capable of the commercial exploitation of the concretions, is also groundless. This is attested to by the bids submitted for prospecting areas by the USSR, India, Japan, and France in accordance with the UN Convention on the Law of the Sea. The fierce competition between imperialist powers for access to the most promising sections of the ocean floor is no secret either. We know that Japan, France, and several other industrially developed capitalist countries which have signed the convention have raised the important point that the American refusal to sign the convention will give the United States certain unilateral advantages. The fact that these states have a real need for strategic marine resources and that there is no alternative to participation in this activity only underscores the groundlessness of the predictions that the convention will be short-lived.

As for the developing countries, they are the least inclined, contrary to U.S. expectations, to renounce the UN convention. What they appreciate most about this document is that it embodies the policy line of reorganizing international economic relations on a just basis and of limiting the expansion of transnational corporations within the spheres of national jurisdiction of the Third World countries and in the international region of the world ocean.

The widespread support of the UN convention in the world community attests to the futility of the U.S. attempts to use the new discoveries in marine geology in a political game intended to undermine universal international agreements.

The polymetal sulfides and all other ocean resources--both known and still undiscovered--should be used for the development of the world and national economies and should never be the object of international conflicts in the regulation of the global issue of the exploitation of the world ocean and its resources.

#### FOOTNOTES

1. The total length of the underwater ridges on the ocean floor with possible sulfide bedding zones is around 60,000-70,000 km. By 1983 detailed surveys had been conducted in areas representing only 0.3 percent of the total (around 200 km).
2. Soviet and American scientists were already writing about the existence of hydrothermal activity in underwater ridges in the middle of the 1960's. Layers of hydrothermal salt water had already been discovered by that time in the valleys of the Red Sea bed in the divergence zone of Africa and the Arabian peninsula. Signs of deep-sea hot springs over one part of the

East Pacific Rise were first discovered by Soviet scientists during a 1975 expedition.

3. See SSHA: EPI, 1983, No 4, pp 42-49--Ed.
4. In particular, the region of the Gorda Ridge (covering an area of around 180,000 square kilometers), a promising PMS zone, is located 140 miles off the coast of Oregon and California (OCEAN SCIENCE NEWS, 1984, No 1, p 3).
5. V MIRE NAUKI, 1983, No 6, pp 46-60.
6. The mid-Atlantic ridge is distinguished by slow spreading and no surface signs of PMS (MTS JOURNAL, 1982, No 3, p 87).
7. "Marine Minerals: An Alternative Mineral Supply. National Ocean Goals and Objectives for the 1980's. Report of the NACOA," Wash., July 1983, p 15.
8. MTS JOURNAL, 1982, No 3, p 88.
9. TECHNOLOGY REVIEW, 1984, No 3, p 57.
10. SEA TECHNOLOGY, 1985, No 10, p 31.
11. WASHINGTON LETTER OF OCEANOGRAPHY, 1986, No 8, p 2.
12. The underwater vehicles cost around 16,000 dollars a day to operate.
13. TECHNOLOGY REVIEW, 1984, No 3, p 62.
14. SEA TECHNOLOGY, 1985, No 10, p 31.
15. UNIVERSITY OF SAN FRANCISCO LAW REVIEW, 1984, No 3, p 487.
16. OCEAN SCIENCE NEWS, 1985, No 38, p 1.
17. UNIVERSITY OF SAN FRANCISCO LAW REVIEW, 1985, No 38, pp 477-488.
18. "Statement on the United States Participation in the Third United Nations Conference on the Law of the Sea," Public Papers 92, 29 January 1982.

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## REVIEW OF UK BOOK ON NUCLEAR FIRST STRIKE

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 87 (signed to press 9 Apr 87) pp 100-101

[Review by V.F. Davydov of book "Nuclear First Use" by N. Brown and A. Farrar-Hockley, London, Buchan and Enright Publishers, 1985, 108 pages]

[Text] This book was written by military experts renowned in England--Birmingham University Professor N. Brown and General A. Farrar-Hockley, former commander of the NATO forces in northern Europe. The authors seem to be extremely frightened by the scales of the demonstrations by broad segments of the population in the West, especially in England, against the NATO doctrine of nuclear first use. The world public's persistent demands for the renunciation of these suicidal preparations have aroused their anger. Brown and Farrar-Hockley have worked in earnest to put forth what they regard as the strongest arguments supporting the "improbability of an instantaneous nuclear disaster after an exchange of nuclear strikes" (p 16).

Here is one of them: The NATO countries must adhere unconditionally to the policy of nuclear first use to be capable of defending their interests. If NATO should assume other commitments, this will have a disastrous effect on Western security (p 28).

Another argument is that the pledge not to use nuclear weapons first will supposedly promote further nuclear proliferation. They try to substantiate this frightening "argument" with the following line of reasoning: Such countries as Japan, India, Pakistan, Israel, Egypt, South Africa, and some others will be more inclined "to choose the nuclear path if they feel that their security cannot be safeguarded by the assurances and capabilities of the West. This is also true of European states--Sweden, Yugoslavia, and Turkey" (p 28).

Here is another argument: This kind of pledge would inevitably lead to the dissolution of the North Atlantic alliance, but its "preservation is the main objective for Europe, North America, and all humanity." No more and no less.

The current NATO military doctrine not only guarantees the continuation of American military presence on the European continent but also precludes the development of undesirable tendencies in the United States and Western Europe, the authors assert (p 33).

Brown and Farrar-Hockley have vehement objections to the view that "communist aggression against NATO Europe is just as improbable as the threat of a Finnish invasion of Uruguay." The authors have gone to a great deal of trouble to breathe life into the myth of the "Soviet threat." It is precisely this myth that inspired the writers of this truly odious work. When they cannot find "evidence of Soviet expansion," they try to convince the reader that nuclear weapons are a universal "means of deterring" any actions by the supposed adversary (p 35). For example, they state: "We can expect the first use of nuclear weapons to reveal the monstrosity of what has happened, and this will cause both sides to recoil in horror from the thought of their further use" (p 38).

The authors' belief in the permissibility of "limited" nuclear conflicts is based on the same postulate. They pointedly criticize the idea that any use of nuclear weapons will lead to nuclear world war. "No one believes," they write, "that an exchange of nuclear strikes between, for example, India and Pakistan, or Israel and the Islamic consortium, or Argentina and Brazil, will lead automatically to a global disaster. Then why should people believe that the selective use of nuclear weapons by the United States in such regions as the Korean peninsula or the Near and Middle East will produce horrifying results?" (p 92). Of course, the authors go on to say, "a small nuclear explosion intended as a show of strength over an uninhabited forest in Poland" will be the biggest shock to humanity since 1945, but humanity will get over this shock, just as it got over the "great traumas of history--Genghis Khan's invasions, the slave trade, the Nazi concentration camps," and so on and so forth (pp 92-93).

The authors' concern about the "security of the world" extends from north to south and from west to east. The entire world must be covered by U.S. and NATO military strategy, especially the Near and Middle East. According to the authors, the American rapid deployment forces' bark is worse than their bite. For this reason, they insist that U.S. and NATO strategy put more emphasis on the first use of nuclear weapons in this region (pp 84-86). Then they move on to a discussion of the Korean peninsula, or part of it at least. There is no question that the withdrawal of American nuclear weapons from South Korea, in the opinion of Brown and Farrar-Hockley, would have a negative effect on the political situation in the Far East. "It would be quite wrong to assume," they write, "that nuclear weapons do not play a role in intimidation and defense on the peninsula. Even the very process of moving from the status quo, with its clearly defined nuclear basis, to conventional arms or to no first use would have a destabilizing effect" (p 83), particularly on the willingness of Japan and other U.S. allies to take part in joint military preparations with the United States in the Far East (pp 89-90).

These quotations are probably enough to provide some idea of the kind of beliefs that rule the minds of some scientists and practical workers in the West, and even some scientists who are quite famous and occupy a prominent position in the scientific community. It is probably worthwhile to remind the reader that substantial and quite broad opposition to the decrepit and belligerent dogmata that ripen within the depths of NATO, where they are nurtured and stimulated by American strategists, already exists in England,



where this book was published, and in Western Europe as a whole. More and more scientists and representatives of the broadest segments of the population who have looked into the Soviet Union's program to rid humanity of nuclear weapons are resolutely advocating its implementation.

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REVIEW OF BOOK ON PROBLEMS OF MODERN CAPITALISM

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[Review by Yu.I. Bobrakov of book "Sovremennyy kapitalizm: ekonomika bez budushchego? Dialektika obshchego krizisa" [Present-Day Capitalism: An Economy Without a Future? Dialectics of the General Crisis] by S.M. Menshikov, Moscow, Mysl, 1986, 220 pages]

[Text] This book, which is one of the works in the series entitled "The 27th CPSU Congress--Theory and Practice," is a thorough examination of the contradictions of present-day capitalism and the processes reflecting the dialectics of its general crisis.

S.M. Menshikov had no intention of puzzling the reader with the subtitle of the book and immediately stresses that when he speaks of an "economy without a future," he is referring to the basis of a society forced into a historical retreat under the pressure of the progressive forces of the present day, a society experiencing a general crisis and having no historical future (p 3). But this should not be interpreted in the simplest terms, as a state of absolute stagnation and decline. The dialectical unity of opposites making up the internal basis of the dynamics of contemporary capitalism is reflected, on the one hand, in the rapid--sometimes even by leaps and bounds--development of some industries and spheres of its economy under the influence of the new stage of the technological revolution and changes in forms of production organization and the methods of economic and social policy. On the other hand, contemporary capitalism is distinguished by the exacerbation of its socioeconomic and political contradictions and the bankruptcy of its political and ideological superstructure. This second side of the dialectical unity of opposites in contemporary capitalism includes the unprecedented increase in militarism, which poses a threat to the existence of civilization and of life on earth itself. "In this sense," the author remarks, "the hopelessness and 'futurelessness' of the capitalist economy have acquired new features and new meaning in our age" (p 4).

In a theoretical analysis of the distinctive features of present-day capitalism, S.M. Menshikov underscores two new features distinguishing contemporary capitalism from the capitalism of the beginning and middle of the 20th century. These are the birth of transnational monopolist capital as a new form

of capital and the formation of military-industrial complexes as a structural element of financial capital and the financial oligarchy. The author notes that both emerged in the form of a direct continuation and development of the main features of imperialism, as modifications of earlier forms of state-monopoly capitalism. The author reveals the group of contradictions engendered by the development of transnational capital, cites specific examples to illustrate the intensive internationalization of military-industrial complexes in the last decade, and describes the complex interaction of centripetal and centrifugal tendencies in contemporary capitalism.

The contemporary cycle, crises, and the process of stagflation are examined in detail, and the factors giving rise to neoconservatism as a new direction in bourgeois economic policy are analyzed. Aspects of the structural crisis of the capitalist economy are analyzed on the basis of summaries of extensive documented information and sectorial statistics. In this context, S.M. Menshikov's examination of the "long wave" theories, including N.D. Kondratyev's theory of the "major business cycle," otherwise known as the "Kondratyev cycle" (the latter term was coined by J. Schumpeter), is of great interest. S.M. Menshikov stresses the need for Marxist economists to study protracted fluctuations in the capitalist economy, noting that the initial theoretical premises for the disclosure of the nature of this phenomenon and a more thorough understanding of the bases of the current structural crisis can be found in K. Marx' works.

The author uses information about the economies of the United States and other capitalist countries to examine the process by which structural prosperity is followed by structural crisis and reveals its social implications and the results of the policy of "class" revenge conducted by ruling circles in the capitalist countries against the laboring public.

The problems of contemporary inter-imperialist rivalry and the interaction of the centripetal and centrifugal forces of imperialism are the subject of a thorough and informative analysis. "The contradiction between the new balance of imperialist power and the old division of spheres of influence," the author writes, "is indisputably one of the derivatives of the basic contradiction of capitalism" (p 69). S.M. Menshikov traces the formation of the three centers of contemporary imperialism and describes the areas of struggle between them (trade, the currency sphere, and others), the scales of the development of transnational monopolist capital, and the forms taken by the "clash of titans"--the transnational corporations which have become a "pervading and typical phenomenon in the capitalist economy" (p 99).

There is no doubt that the reader's interest will also be aroused by the author's approach to the processes of the formation of transnational banks and international banking unions, the fusing of transnational corporations and banks, the resulting transnationalization of financial oligarchies, and the establishment of transnational financial capital. The author stresses that transnational financial capital "is not at all a myth, but a dangerous reality opposed to the working class, all laborers, and all people fighting for genuine independence. Denying its existence is the same as ignoring this danger and its implications" (p 127).

The processes in the contemporary capitalist society which pose the threat of war and jeopardize humanity are examined in the chapter "The Specter of Military Capitalism." Here the author discusses the place of the military-industrial complex in the system of contemporary state-monopoly capitalism and its transformation into an international force. The author presents a detailed analysis of the growth of military-industrial concerns in the United States and several other imperialist countries and reveals the distinctive features of the market for military products and the interaction of the military-industrial complex and financial capital, stressing that "the closer integration of the American military-industrial complex with the largest financial-oligarchic groups in the country has taken place in recent decades" (p 173). The development of military transnational corporations and the internationalization of military-industrial complexes are analyzed in great detail, including the international aspect of the SDI. The pernicious economic and social implications of the arms race conducted by imperialist circles are discussed at length.

Summing up the results of his research, S.M. Menshikov also takes a look at the factors counteracting the development of trends in contemporary capitalism, describes the role of the international communist movement in the struggle for working class goals, for the interests of all laborers, and for disarmament and peace, and underscores the worldwide historic significance of the Soviet program for the guarantee of peace.

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## BOOK ON APPLICATION OF PSYCHOANALYSIS TO STUDY OF HISTORY

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 87 (signed to press 9 Apr 87) pp 112-113

[Review by Ye.V. Yegorova of book "Amerikanskaya burzhuaznaya 'psikhoistoriya'" [American Bourgeois "Psychohistory"] by B.G. Mogilnitskiy, G.K. Gulbin and I.Yu. Nikolayeva, Tomsk, Izdatelstvo Tomskogo universiteta, 1985, 273 pages]

[Text] The subject of this book is the now fairly extensive field of science in which the methods of psychoanalysis are applied to the study and interpretation of history. Experts from Tomsk University have undertaken the task of its critical analysis.

In the opinion of the authors, "psychohistory" is of interest precisely because it came into being as an attempt by American academics to emerge from the crisis of the bourgeois science of history with the aid of new and non-traditional methods. The psychoanalytical orientation in American sociology and historiography has been quite strong throughout the postwar period.

There is no question that several of the arguments cited by historians using the psychoanalytical approach can justifiably be subjected to criticism, but some of their conclusions with regard to defense mechanisms in the behavior of historical personages are quite interesting. The authors of the book under review write that "the use of psychoanalysis and of quantitative methods in social studies displays the integrative tendencies that are characteristic of the contemporary bourgeois social sciences, tendencies which are also clearly apparent in the science of history" (p 8). This approach, however, is not always a sufficiently organic part of American scientific thought. It is frequently accompanied by eclecticism and the mechanical adoption of psychological methods.

Psychological portraits of many famous people of the past and present have been elaborated in the United States. There are the well-known works of E. Ericson and W. Langer, and especially of B. Mazlish and L. De Mause, who have presented their portraits of American presidents R. Nixon and J. Carter. The authors acknowledge the uniqueness of these attempts, but they nevertheless stress that "the very reliance on the disclosure of the psychological traumas of famous people in history as the fundamental principle of 'psycho-historical' research, not to mention its reference sources, naturally arouses



justifiable doubts (p 59). In our opinion, this criticism is sufficiently valid.

The authors correctly point out the fact that "psychohistorical" research acquired an increasingly distinct anticommunist thrust in the 1950's. "In general," they write, "'psychohistory' now occupies a position on the right flank of American historical theories" (p 96). We cannot agree with this excessively categorical conclusion because there are books of the "psychohistorical" genre in modern American literature which present a sufficiently sober and discerning analysis of the thinking and behavior of famous American political leaders and of their domestic and foreign policies. The authors of these sometimes do not express any rightwing views whatsoever.

The analysis of a specific current of psychohistory, known as "revolutionology," will be of interest to the reader. Some American works evince the deliberate psychologization of revolutionary movements, and sometimes this method is used in a more concealed and subtle manner. In an attempt to comprehend new developments in the sociohistorical evolution of today's world, the psychohistorians look into the state of the public mind and the emotional roots of individual and group behavior at a time of revolutionary crisis. The authors of the monograph acknowledge the importance and definite scientific value of some American studies of this kind. Nevertheless, they stress, in most cases "subjective psychologizing and anti-Marxist aims lie at the basis of the 'psychohistorical' approach to the issue of social revolution in bourgeois historiography" (p 121).

The monograph ends with a separate section on "psychohistorical" studies of German fascism. This is the most significant part of all American psychohistorical literature. Fascism as a social phenomenon and as a result of the behavior and thinking of its leaders is the topic of several studies of impressive scope and considerable analytical value. Some works have made an important contribution to the struggle against Nazism and its ideology. The studies of this topic are the best-known works in this field.

In general, the book is backed up by the authors' sound knowledge of the broad current of American psychohistorical literature that has been widely recognized and utilized in U.S. politics but is still almost unknown in our scientific literature. The Soviet researchers were able to single out the main tendencies in these works: from purely psychoanalytical studies to integrationist studies transcending the bounds of psychoanalysis. Some American academics have apparently realized the limited nature of the methodological base of psychoanalysis and are seeking new approaches in the contemporary science of psychology. We are delighted that the specialists from Tomsk University took on the job of delving into the complexities of the American psychohistorical school and subjecting its contradictory development to a discerning analysis.

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## REVIEW OF BOOK ON RISE, DIRECTION OF U.S. CONSERVATISM

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[Review by V.V. Sogrin of book "SShA--sdvig vpravo? Konservatizm v ideyno-politicheskoy zhizni SShA 80-kh godov" [The United States--A Shift to the Right? Conservatism in U.S. Ideology and Politics in the 1980's] by A.Yu. Melvil, Moscow, Nauka, 1986, 216 pages]

[Text] This monograph is a study of the ideological and political content of American conservatism in the 1980's, its sources and premises, and of several issues that have not attracted the attention of Soviet experts on American affairs until now. For example, the author isolates and analyzes the socio-psychological factors seriously influencing the consciousness of the average American. These factors came into being under the influence of radical technological and socioeconomic changes. A.Yu. Melvil's description of the conservative elements of the elite consciousness and the mass consciousness in the United States and his analysis of their balance and interaction will expand our scientific understanding of the preconditions for contemporary America's rightward shift.

The three main ideological pillars of Reaganism--conservatism, neoconservatism, and rightwing populism--are analyzed in detail in the book. There is a particularly interesting analysis of the role of rightwing populism, which addresses the petty and middle bourgeoisie, suffering from the attacks of monopolies and resentful of taxes and all types of government regulation, the American religious masses, protesting against immorality, pornography, and other vices of the "consumer society," and some white workers, who are infected by the stereotypes of bourgeois "Americanism." A.Yu. Melvil succeeds in his attempt to present a sociopsychological portrait of R. Reagan. He shows that the President's attitudes toward various currents of American conservatism, even though he personifies their unity, are not identical and are sometimes extremely contradictory. This can and does give rise to clashes within the rightwing conservative bloc.

The pervasiveness of conservative attitudes in the U.S. public mind is a matter of special interest to the author. He bases his study of this matter on the results of sociological surveys and cites logical arguments to refute the American conservatives' certainty of the irreversibility of the rightward

shift in American public opinion. The author shows that American views on the central issue of domestic policy--the role of government in social affairs--evince a curious combination of conservative and liberal convictions. He soundly concludes that the conservatives' expectations of the unlimited triumph of their principles were invalid.

Several of the issues raised in the book warrant further analysis. The author writes, for example, that conservatism in the United States, in contrast to other bourgeois countries with two-party systems, is present on the right flanks of both of the main parties (p 49), but this thesis is not developed. His analysis of the degree of conservatism among Republicans and Democrats and, of course, of the balance of various types of conservatism in each of the bourgeois parties seems quite important. It is also significant that the author believes that neoconservatism came into being in the United States in the last decade, whereas the establishment of neoconservatism is associated with the reorientation of the Republican Party in the Eisenhower and Nixon years in the works of several Soviet researchers of American history.<sup>1</sup> It is true that A.Yu. Melvil has a slightly different interpretation of neoconservatism, but it would still be interesting to compare and contrast contemporary neoconservatism to the current defined by historians as neoconservatism in the 1950's and 1960's.

A.Yu. Melvil's study of important aspects of the contemporary ideological and political struggle in the United States provides food for thought and contains observations and conclusions that will expand and clarify the reader's understanding of the tendencies and prospects of the political development of this country.

#### FOOTNOTES

1. See, for example, N.V. Sivachev and Ye.F. Yazkov, "Noveyshaya istoriya SShA" [Contemporary U.S. History], Moscow, 1980, pp 211-222; N.V. Sivachev, "SShA: gosudarstvo i rabochiy klass" [United States: Government and the Working Class], Moscow, 1982, pp 274-291; A.S. Manykin, "Istoriya dvukhpartiynoy sistemy v SShA" [The History of the Two-Party System in the United States], Moscow, 1981, pp 223-233.

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